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ABSTRACT

The comprehensive study of California's child care delivery system reported in this document was designed to: (1) identify the unmet child care needs of California families; (2) develop a comprehensive vision of quality child care services; (3) examine the inefficiencies in the current system; (4) and draft specific recommendations for federal, state, and local policy makers. The report contains five chapters. Chapter 1 addresses the significant unmet child care needs of low-income families, children with special needs, rural families, non-English-speaking families, migrant families, teen parents, homeless families, children at risk of abuse and neglect, infants, toddlers, and school-age children. The need to upgrade the quality of child care services provided through improved regulation and funding of child care centers is discussed in chapter 2. Chapter 3 examines the need for well-trained and experienced caregivers, while chapter 4 addresses the components of the present child care delivery system in California and makes suggestions to improve the system. Chapter 5 examines a wide variety of child care funding sources and mechanisms. Four appendixes outline California's state-subsidized child care programs, federal subsidy programs, and the problems of a lack of standardized data on child care availability. Contains 227 references. (MDM)

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Caring for the Future:

Meeting California's Child Care Challenges

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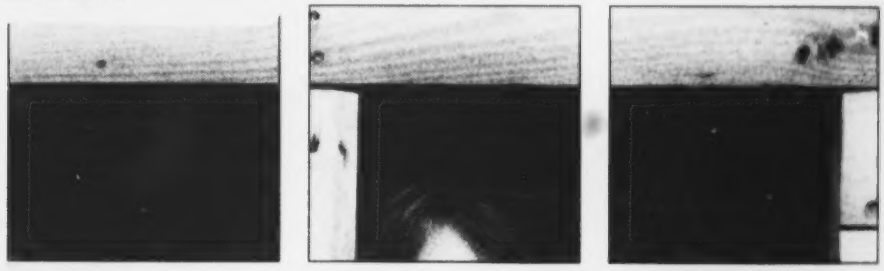

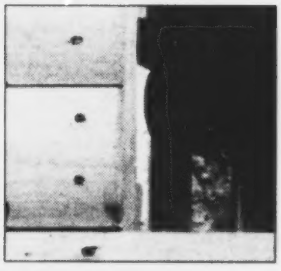

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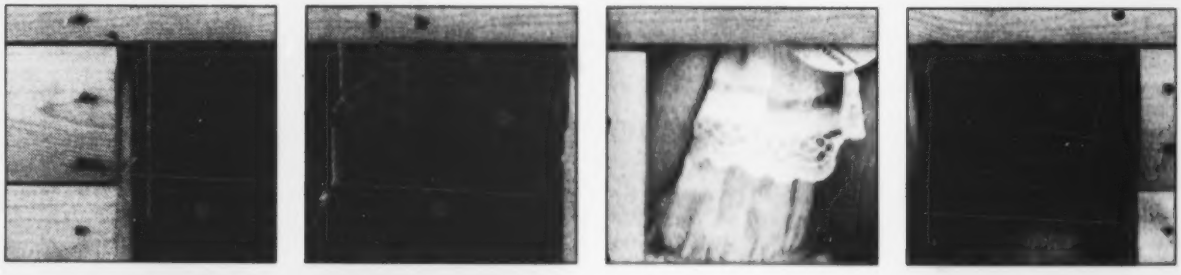

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Final Report

Caring for the Future:

Meeting California's Child Care Challenges

By:
Abby J. Cohen &
Carol S. Stevenson

With assistance from:
Dan Bellm &
Caro Pemberton

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Dedication

This report is dedicated to the children of the past and present staff of the Child Care Law Center, many of whom were born during the course of this project. To Maya, Max, Maria, Hannah, Damian, Mauryea, Chantalle, David, Rashaad, Claire, Silas, Jenna and Colin in the hopes that our work when we are away from you will make a better world for you and your children.

About the Project

In 1989, with comprehensive child care legislation pending before Congress, states implementing the 1988 Family Support Act to reform welfare and the state planning process under way to provide services for children 0-3 with special needs, child care had clearly arrived on the national policy agenda. In California, the struggles in implementing the child care provisions in our own version of welfare reform (GAIN) a short two years before had led the Child Care Law Center to believe that there was a need to critically assess the future of California's administration of child care and arrive at some recommendations that could be used as a springboard for positive change.

The Child Care Law Center, which had focused primarily on improving the delivery of child care services and subsidies to low-income families through the provision of legal assistance, developed this project, funded by the James Irvine Foundation, to examine the California child care "system" and develop recommendations for better meeting families' growing need for services.

Three years later, federal child care legislation has been passed and new money has arrived in the state, budgets for state welfare reform have been considerably reduced, and the need for this completed work is as necessary as ever.

The Child Care Law Center's objectives for this project were to:

- Address the needs of the wide variety of families who live in California;
- Incorporate the vast amount of child development expertise and research that existed into our work;
- Identify as specifically as possible the needs not being met by the current delivery system;
- Address all the major relevant issues necessary to build a comprehensive vision; and
- Develop specific recommendations that policy makers can adopt and implement readily.

This paper is the result of a multi-year process which was successful because of the participation of many experts in the child care and development field. The Child Care Law Center conducted a preliminary literature search and investigated innovative approaches and promising trends for five different subject areas, which are the chapters of

this paper. We then convened focus groups of experts for day long discussions of each topic area. Participants in the focus groups were given a packet of background materials and an agenda for the day, so that each person came with a similar knowledge base regarding the topic at hand. Focus group topics were:

- California's Unmet Child Care Needs
- Staffing Crisis in Child Care
- Improving the Quality of Child Care Services
- Child Care Administrative Structure/Delivery System
- Financing Mechanisms for Child Care Services.

Participants and the dates of each group are listed at the back of this report. From the focus group discussions we developed outlines which formed the basis for this paper. While many of the ideas for the recommendations in the report came from the focus group discussion, the report's recommendations were not agreed to by focus group participants.

Since this report is based on and hopes to affect the reality of the child care landscape in California, its content and production have been affected by political and economic trends which occurred subsequent to the focus group meetings. Most significantly, the passage and implementation of nearly $100 million dollars in new federal child care funding for California has provided welcome assistance for hundreds of families. The experience of weaving two additional sources of funds, with competing requirements, into California's already complicated child care system has made the need for a hard look at administrative reform even more apparent.

For us, publishing this report completes the initial work of synthesizing much of the existing knowledge on child care policy in the state. We realize its publication is only a first step and hope that it will provide the basis for further action. The next step is refining our strategies and working with others concerned about families to make child care services better in California.

Acknowledgments

The work of this project and the publication of this report would not have been possible without the generous financial support of the James Irvine Foundation. The project and the report represent the collective effort of the staff of the Child Care Law Center over the past three years.

Our current staff—Elaine Blanchard, Elaine Chiodi, Kate Duffy, Maria Gil de Lamadrid, Reisa Glickman, Kathy Heftman, Diane Martin, and Kathleen O'Brien—deserve special thanks not only for their dedicated and painstaking work in pulling this work together, but for their patience with us as we ignored other tasks in order to complete this paper.

Former staff attorneys Heidi Strassburger and Barbara Carlson were instrumental in conceptualizing the project and in getting the focus groups off the ground. Former support staff, particularly Lorraine Allen and Julie Tran, were key in attending to the details of the five Focus Groups and making necessary arrangements.

Many law clerks and interns over the past three years have also helped and they include Suzanne Aronowitz, Tangerine Brigham, Claudia Crenshaw, Elissa Gershon, Carrie La Londe, Laura Lederer, Judy Lin, Cyril Maung, Tammy Nakada, and Ling Yu. Margo Ross summarized volumes of research for us in a way that made it possible to not reinvent the wheel.

We offer many thanks to all of the participants in the Focus Groups and particularly to those of you who read and commented on chapter drafts. Your wisdom and thoughtfulness have done much to make this a more complete and inclusive document.

Executive Summary

Nearly one out of eight American children now calls California home. During the past fifteen years, our state has experienced not only the "echo effect" of children born to the baby–boom generation, but an enormous wave of new immigrants from around the world. According to 1990 census data, California has 40% more preschoolers than it did in 1980.

At the same time, nearly 60% of mothers with children under six are in California's labor force. Many of them are single parents: almost 10% of the state's adult population is divorced, and in 1988, California witnessed a teen birth rate more than 10% higher than the national average.

In addition, more and more California families are living in poverty: during the 1980s, the number of children living in *extreme* poverty rose by at least 50% in most counties. Housing has been a critical factor: in nearly every county, rental housing costs grew more than twice as fast in the past decade as minimum wage income.

All of these factors have led to an unprecedented need among California families for dependable, affordable, quality child care services. With a strong history of financial commitment to child care, and a recent infusion of federal funding, California now stands poised to set a national standard for high quality child care service delivery.

But how well is the state's child care system meeting families' needs? How well prepared is it for an era of continued growth? How can new sources of child care funding be developed? How does the child care system's present structure—or lack of structure—itself stand in the way? How can child care advocates, service providers, policy makers and parents work together to strengthen our commitment to California's youngest children?

With the support of the James Irvine Foundation, the Child Care Law Center has undertaken a comprehensive study of California's child care delivery system in order to:

- Identify the unmet child care needs of California families, as well as the unmet needs of child care providers;
- Develop a comprehensive vision of quality child care services for all California families;
- Examine inefficiencies in the state's present child care system, and
- Draft specific recommendations for federal, state and local policy makers.

The investigation has been organized into five broad topic areas: unmet needs; quality standards; child care staffing; delivery system structures; and child care financing. The five areas of study are examined in the five chapters of the project's Final Report, ***Caring for the Future***. For each area of study, the Child Care Law Center conducted an exhaustive review of policy literature, and convened a statewide focus group attended by a wide variety of child care and child development experts, researchers, service providers, agency officials and policy makers. These focus groups were instrumental in guiding the project's direction and in developing the policy recommendations found in the Final Report.

The Final Report contains recommendations in addition to those summarized here.

Unmet Needs

While California ranks sixth among the states in the dollars it spends on direct child care and early childhood services, the Report identified significant gaps in meeting the needs of the following groups:

Low-income families

It has been estimated that prior to the infusion of new federal dollars only 10% of California's eligible population of low-income families were receiving subsidized child care benefits. Even with new federal monies, the need still far outstrips the availability of financial help. According to a 1990 national survey, families who earn less than $15,000 a year must typically spend as much as 23% of their income on child care.

Children with special needs

Over 250,000 California children have been defined as having "exceptional" needs, of varying severity and scope. For most families of children with severe special needs, access to child care is limited, and long waiting lists are common. Child care providers are often not equipped to care for many of these children, due to lack of training, resources or both. Other constraints include inadequate reimbursement or subsidies, transportation problems, and the cost of modifying facilities. New special needs populations—in particular, children prenatally exposed to drugs and alcohol, and children with HIV—are also emerging.

Rural families

Nearly 10% of California children live in rural areas—and many of these communities are becoming increasingly urbanized, without an adequate infrastructure of child care services. Rural families typically experience greater shortages of child care programs. Transportation and the lack of provider training resources are also significant problems.

Non-English-or limited-English-speaking families

At least one out of four children in state-funded child development programs has been found to have limited proficiency in English. Recent demographic shifts have far-reaching implications for child care services.

Migrant families

California operates a state-subsidized program for the children of migrant farm workers, but fewer than 10% of eligible children are receiving services. Language barriers, as well as parents' changeable work schedules and continual movement, often impede access to child care.

Teen parents

Eighty percent of California's teen mothers drop out of school—most often due to single parenthood and the lack of child care. Only about 25% of pregnant minors are enrolled in the state's teen parenting and child care programs.

Homeless families

An unknown but growing number of homeless children are in need of child care as their parents seek work and housing and attempt to escape poverty.

Children at risk of abuse and neglect

Since these children are given highest priority for subsidized child care services, regardless of family income, the increasing number of children defined as at–risk has left fewer child care spaces for all other groups, especially California's working poor. The often intense and specialized needs of these children have also placed new burdens on programs and staff.

Infants and toddlers

While the need for infant and toddler care has grown dramatically, as many parents return to work soon after their children are born, available services may actually be shrinking in number, largely because of high operating costs and insufficient funding.

School–age children

As more parents work full–time, and as the number of California school–age children increases, there is a rapidly growing need for child care programs operating before and after school hours. Without such care, many children experience not only boredom and loneliness at home or on the streets, but often exposure to drug abuse and crime.

Finally, the chapter identifies ten areas in which California must improve its data collection capabilities in order to define and meet the wide variety of families' child care needs.

The Report's recommendations include the following:

- Expansion of child care subsidies for low–income families; improved use of federal funds; expanded child care for those in the process of searching for employment; and expanded eligibility for the federal Head Start program;
- Improved interagency coordination between early intervention and child care services for children with special needs; improved reimbursement mechanisms and rates for programs serving children with special needs; and increased training of child care providers on special needs issues;
- A study of the unmet child care needs of rural families, and funding of pilot programs in rural areas;
- Multilingual parent information and outreach efforts by child care resource and referral agencies; recruitment and training efforts to increase staff diversity; and licensing and provider training materials made available in a variety of languages;
- A new study of California migrant families' child care needs, and improved outreach to these families;
- Improved interagency coordination of teen parenting services; and the expansion of such services, on or near school sites, as an entitlement for teen parents attending middle and high schools;
- Resources to incorporate child care services in shelters and in low–income housing developments; expansion of resources to help homeless families access child care when receiving AFDC or seeking work; and improved outreach by R&R agencies;
- Expansion of Respite Care funds, which provide child care assistance in short–term crisis situations; expanded and improved use of Protective Services' family maintenance funds for child care; and improved ongoing training on child abuse for child care providers;

- Increased reimbursement for infant/toddler programs; paid parental leave; expanded tax credits for infant care; and expanded training opportunities for infant caregivers;
- Incorporation of child care space into new school buildings; expanded subsidies for school-age child care; and development of training materials and programs for working with this age group.

Quality

While no one would publicly oppose the concept of "quality" child care, or advocate substandard services, far too many California children still receive care that is mediocre at best, if not inappropriate or even harmful. In the absence of federal child care standards, California has developed above-average quality requirements for licensed and subsidized programs—including guidelines for caregiver training, learning environments, adult/child ratios, and health and safety precautions. Still, not all California regulations compare favorably with professional standards of excellence or community practice in top-quality centers. And it remains very difficult to ensure that all programs meet even these basic legal standards, or that all children in need gain access to such programs.

The high cost of quality child care—particularly the need for experienced, well-trained personnel—has frequently caused policy makers to seek political short cuts, or to "make do" with less expensive programs which appear to meet identified needs. There is an increasing trend, for instance, in the name of "parental choice," to use federal child care dollars to pay for informal care which is entirely exempt from licensing and other regulation. Perhaps more fundamentally, many political leaders remain ambivalent about out-of-home care for young children, and are unwilling to invest the resources necessary to build a system of high-quality services.

The Report's recommendations include the following:

- Expanded recruitment, training and accreditation efforts for child care providers from ethnic and language minority communities;
- Increased public education about quality child care, especially for new parents;
- Expanded training opportunities for infant and toddler caregivers;
- An independent and realistic assessment of the necessary degree of regulation of various types of school-age child care programs, as well as research on the current quality of such child care programs;
- Training materials and opportunities for license-exempt caregivers;
- A periodic review of all types of child care regulations, and improvements in areas where California standards are deficient—e.g., pre-service or continuing education requirements for family child care providers and child care center staff, and group size requirements;
- Maintained funding of a sufficient number of child care licensing personnel;
- Research to determine more accurately how much unlicensed care (which is legally mandated to be licensed) exists, and to identify barriers to participation in the regulatory system; and expanded efforts to educate parents about the benefits of licensed care;
- Improved access to accreditation for all program types, through financial and technical assistance to help programs reach compliance; and increased efforts to unify child care service providers behind a single set of accreditation standards which can be clearly publicized to consumers;

- Research to compare the quality of child care in state-funded programs with that of programs operated under other public or private auspices; and longitudinal and follow-up studies to demonstrate outcomes from high-quality state-funded programs.

Staffing

Well-trained, experienced caregivers have been widely identified as the cornerstone of quality child care. Yet a severe shortage of trained and experienced personnel is now threatening the foundation of our child care system.

This staffing crisis is largely rooted in the poverty-level wages common to the profession. In 1989, the National Child Care Staffing Study revealed a nationwide average wage for child care center teaching staff of $5.35 per hour, or $9,737 per year. The Study also found that, when adjusted for inflation, earnings had declined by more than 20% during the past decade. These findings were confirmed more recently in a 1990 report for the U.S. Department of Education. Further, these earnings are generally not supplemented with benefits; only one out of three teachers, for example, has a health insurance benefit partially or fully paid by the employer. Research findings indicate similar problems in California. Salary surveys conducted in 1991 in Sacramento and San Mateo Counties revealed starting hourly wages for teachers in those counties of $6.35 and $7.35 respectively, and $5.03 and $5.80 per hour for assistant teachers.

Unlike center staff, family child care providers are generally self-employed. The 1990 national average income of regulated providers was $11,000; deducting overhead expenses of food and utilities means that the average provider nets about $8,000 per year, and most providers lack even basic medical insurance unless they are covered by their spouses' policies.

While training and recruitment are necessary to build a qualified child care work force, trained teachers and providers are not likely to stay in the field without improved compensation. The 1991 Sacramento and San Mateo county surveys found annual staff turnover rates of over 50%—well above the national average. Because of the diversity of the child care work force in terms of entry-level education and skills, it is especially important to retain workers with advanced levels of education and experience.

Because staff compensation is already the largest cost for most child care programs, improved salaries and benefits will require a redefinition of the true cost of child care. And because many parents are already hard-pressed to pay more for services, the child care compensation problem can only be solved by a coordinated state and national effort to expand both public- and private-sector child care funding.

The Report's recommendations include the following:

- Amending federal Child Care and Development Block Grant regulations to increase the portion of funds which states can spend on quality enhancement efforts—including teacher and provider compensation.
- Redefining the cost of care for all direct public funding streams, including programs funded directly through contracts and those reimbursed through a certificate mechanism, to include the cost of improved teacher and provider compensation.
- Expanding training programs, such as California's statewide Mentor Teacher Program, in which training is linked with improved compensation, and developing a mentoring model for family child care providers.
- Developing and implementing consistent professional standards

that reflect a relationship between training requirements and job requirements.

- Increasing consumer education by R&R and other agencies about the true costs of quality child care, and the need for better caregiver compensation.

Child Care Delivery Systems

The responsibility for administering California's state–and federally–subsidized child care services is currently divided between the California Department of Education (CDE) and the State Department of Social Services (DSS). Each agency administers its own rather complex variety of programs and funding streams, with few mechanisms for interagency coordination and collaboration, and frequently with overlapping or conflicting goals. In addition, a number of child care services are administered either by federal agencies or by local government entities. The result is a chaotic "system" that is not only confusing and frustrating to child care consumers, but often to service providers and policy experts themselves.

The Report identifies ten essential components of an improved child care delivery system:

Parental choice

While recent federal mandates have led to much discussion of "parental choice" of child care services, consensus is more apparent than real. True choice must involve access to a full range of convenient, affordable, appropriate and high–quality services—not simply direct subsidies to parents which are adequate only to pay for the lowest–quality care in the community.

Clarity of program purpose

California's Department of Education essentially views child care as focused on children's developmental needs, while the Department of Social Services essentially views it as focused on parents' ability to work. But this child–vs.–parent dichotomy is in fact a false one; a more workable child care system must be focused on the needs of whole *families*.

Clarity of system to users

Many families are unaware of the variety of child care subsidies potentially available to them, or are confused about how to obtain them. Eligibility criteria are inconsistent between programs; reimbursement rates differ even within broad program types; and minimum regulatory standards are inconsistent. In reaction to such lack of clarity, a vision of a streamlined, more "seamless" system of services is emerging in the child care field.

Capacity to administer diverse services

It is imperative that any new child care delivery system include a central planning and coordination framework at the state and local levels that would still allow for diversity of programs.

Equal access to services

In the long term, a guarantee of equal access requires expanding the system to provide universal coverage, even though parents may need to pay in whole or in part for the services. In the short term, equal access requires rethinking formulas for expansion, priorities for subsidized care, and improvements in subsidy levels; it also implies the integration of all economic groups.

Continuity of care

When a variety of funding streams is needed to serve an individual family over a period of time, it should be—but is too rarely—administered on a case management basis wherein "money follows the child," providing for continuity of services even when a family's income or categorical eligibility changes, when the child enters a new age bracket, or when the family moves to another area of the state.

Maximum involvement of families

Parents as consumers must have a voice not only in their children's programs, but in creating policy for the child care delivery system.

Ability to attract and retain well–qualified service providers

Retention must involve not only improved wages, as noted in Chapter III, but timely payments, uniformity of subsidy program requirements, technical assistance on compliance with regulations, and training opportunities to improve caregiving skills.

State– and local–level leadership

Current political leaders must be convinced of child care's importance in order to place it high on their agendas, and administrative leadership must be improved. This will require stronger mandates to hire officials with experience both in child development and in public administration; and child care providers and advocates must be strongly encouraged to pursue opportunities for leadership at the local, state and federal levels.

Maximum use of available programs

Any effort to improve the child care delivery system must first determine that the system's existing capacity is being used effectively and efficiently. Such assurance will require better management of waiting lists, as well as improvements in services which are consistently under–enrolled because of poor quality or other obstacles.

The Report's recommendations include the following:

- An evaluation at the federal level of whether to eliminate categorical funding, and to establish block grants with expenditure priorities and safeguards for quality and accountability;
- Movement toward consistency in payment rates and mechanisms, sliding fee scales, income and eligibility standards, quality standards, and reporting requirements;
- Creation of statewide and local systems which pool all funding sources, and the creation at the local level of an accessible, single point of entry for families to learn about available child care and subsidies;
- Creation of a California Child Care Coordinating Council, with significantly broader responsibilities than those of the current Child Development Programs Advisory Committee, which it would replace. These would include: developing a state child care policy, including overarching goals and principles, and serving as a guide for all child care decision–making; developing annual and five–year plans for California's child care system; providing an open forum for public discussion of child care issues; identifying problems with the system and recommending solutions, including legislation and interagency agreements; acting as a link between state and local planning efforts; promoting public/private child care partnerships; reviewing current child care regulations and developing new regulatory proposals; and assessing child care training efforts;
- Creation of a Child Care State Interagency Work Group, comprised of administrators working directly on child care issues from each of the relevant divisions within the major state agencies, to promote collaboration and coordination of efforts;
- An expanded and permanent role for the Local Planning Councils initially established in 1991 to set priorities for the use of federal Block Grant funds. The Councils would be responsible for updating all local priorities for child care funds, not only Block Grant funds;

engaging in local child care planning and data-gathering; providing a forum for information-sharing; and developing funding sources for child care at the local level.

Financial Resources

As the previous chapters make abundantly clear, California needs additional resources—in addition to improving and expanding current resources—to meet its increasingly complex child care needs. But at present, like all other states California lacks a systematic approach to child care financing. Instead, there are a variety of *ad hoc* funding streams at each governmental level which vary in their purposes, duration, mechanism and source, and which are created with little thought to pre-existing funding.

Many of the Report's recommendations—in particular, those related to streamlining the present delivery system—will actually generate cost savings through improved efficiency. Nonetheless, it is prudent to consider developing additional resources in order to ensure that the system is sufficiently well-organized to maximize all available dollars.

The range of funding needs, and the current financial situation, call for creative responses on the part of every sector: government at all levels, private employers, charitable institutions, philanthropies and parents. No sector alone can carry the burden of providing the necessary resources for child care; each must become involved to the extent that it is able.

The Report reviews a wide variety of innovative child care funding sources and mechanisms, including child care insurance funds; state loan and grant funds; "sin" taxes; public/private partnerships; the use of tax increment financing from redevelopment projects; the creation of special tax districts; local taxes and bond measures; budget set-asides; linkage of child care to local development; use of Community Development Block Grant funds; and community trust funds and endowments.

The Report's recommendations include the following:

Improving the current system:

- Development of regional true-cost-of-care figures; adjustment of market rates to reflect the true cost of care; improved reimbursement ceilings; and exploration of how to develop meaningful market rates for license-exempt care;
- Maximize use of existing dollars through the tracking of all types of care which could be paid for from other sources, thus freeing up currently allocated child care dollars;
- Tax reform to make the federal and California child care tax credits refundable, and more reflective of the true cost of care, possibly allowing additional credit for infants and for disabled children needing child care;
- Elimination of the Title IV-A Income Disregard mechanism, paying instead for eligible parents' child care needs as in other Title IV-A programs; in the absence of such fundamental reform, an increase in the amount disregarded in order to reflect the true cost of care;
- Revision of Child Care and Development Block Grant (CCDBG) guidelines so that a greater proportion of funds can be spent on quality improvements, and establishment of the CCDBG as an entitlement program;
- Increased market rate caps in Family Support Act child care funding;
- Amendment of the federal statute, P.L. 99-457, to explicitly focus on child care as an appropriate early intervention site, allowing funding to flow to child care programs;
- Establishment of the Head Start program as an entitlement, re-

quiring it also to offer full-day services, thus freeing up California State Preschool dollars to be redirected to full-day state-subsidized services.

Support for innovative financing mechanisms

- Development of an enhanced and sustained corporate child care program to educate employers about the importance of child care in the economy in general, and of employer involvement in child care, including information about the variety of options;
- A mandate for the State Office of Planning and Research to develop model linkage ordinances, create guidelines, and provide technical assistance to localities on enacting such ordinances and undertaking the necessary "nexus" studies;
- A requirement that child care needs be considered in the Redevelopment Agency's Redevelopment Plan. Make explicit in state law that child care is an appropriate economic development strategy. To be valuable, there must also be a requirement for interface at the local level between redevelopment agencies and others involved in child care, both municipal and private;
- Create incentives for local communities to develop new child care resources, possibly with state matching funds.

Caring for the Future:
Meeting California's Child Care Challenges

Introduction

One out of every eight children in the United States calls California home. A majority of those children have working parents, many of whom need out–of–home child care for their children. With a strong historical and financial commitment to child care and a recent infusion of federal funding, California stands poised to either set the national standard for the delivery of high quality child care services or abandon its mission and leave families to make do with mediocrity.

While California ranks sixth among the states in the dollars per child that it spends on direct child care and early childhood services, enormous numbers of low–income children remain unserved. How can advocates, service providers, policy makers and parents work together to better the odds that top quality child care programs will be available for California's children? This report delves deeply into the design and administration of public policy regarding child care services to put forth some new perspectives and recommendations about how we can make needed improvements in California child care.

After years of persistent advocacy, child care is finally on the national agenda. In 1990 the first comprehensive federal child care legislation since the Head Start program was signed into law. That legislation, which brings much needed assistance to families to pay for child care, reflects in both its form and substance, the prevailing chaos in child care policy. The result of compromise, the two separate pieces of legislation have resulted in further fragmentation in the delivery of financial subsidies for child care services and no resolution of underlying philosophical differences about the kinds of services that should be supported with public funding. As these new laws have been interpreted by a federal administration generally hostile to out–of–home care, the result has been directives to states which lack coherence of purpose and are driven by conservative agendas regarding state support to religious institutions and the dismantling of public education. Under the guise of parental choice, attention to the quality of services has been undermined by a desire to find inexpensive replacements for child care programs. The issue for Californians, and for families throughout the United States, is to keep child care on the front burner and work to develop policies that make sense for families and children.

In California, where discrete child care initiatives have garnered bipartisan support in the legislature over the past decade, the introduction of federal funds has proven to be more complicated and more political than expected. Since the

implementation of California's GAIN program for welfare recipients in 1986, two distinct child care funding administrations have existed side by side in the state. The welfare–linked child care entitlements are available to eligible families for any care which is operating legally. By contrast, the Department of Education–administered Child Development Programs have a broad mandate to provide high quality, developmentally appropriate services to young children and their families. Generally speaking, Child Development Programs, operated by public and private contractors at the local level, run on a principle of inclusiveness, serving as many families as possible with available resources. Welfare–linked entitlement programs are far stricter in eligibility and narrower in service, guided in many counties by denying or failing to inform eligible families of services in order to save money. As a result of competing and conflicting mandates, exacerbated by new federal requirements and the lack of administrative leadership to bridge the gulf between them, California has failed to move quickly to utilize all new federal monies.

For more than a decade, the existing state–subsidized child care system has been under continuous attack. Throughout the 1980s, the Deukmejian administration's agenda was to lower program standards as a way to serve additional children. The plan succeeded in economically strapping programs through inadequate cost–of–living adjustments and in stripping programs of what was perceived as their "Cadillac status." While funding standards have been maintained, program resources have not been increased at a rate comparable to inflation. As a result, fewer infants and toddlers are served with state dollars, teachers in the private sector are economically worse off than they were ten years ago, and programs have fewer resources to address the multiple needs of children coming from families who are deeper in poverty.

Early in his administration, Governor Wilson put forth his own early childhood education agenda. The Governor's efforts have focused on the expansion of the State Preschool Program, which provides half day programs administered primarily through local education agencies. This policy choice perpetuates two of the continuing policy dilemmas in the delivery of child care services: the separation of young children's needs for care from their needs for education and focusing on the child without regard to families' needs. An expansion of State Preschool, a half–day enriched program for poor four–year–olds, sidesteps the more pressing needs for full day care and education services for all families with children. This approach ignores the documented need for additional services for infants, toddlers and school–age children. Manifested in the nearly universal political acceptance of Head Start, the goal of school readiness achieved in part through high quality preschool for four–year–olds, is free of the value laden issues of maternal employment and parental responsibility that come with proposals for more comprehensive child care services.

Yet given its relative high level of acceptance, perhaps the best place to start in articulating a vision for comprehensive care and education services to all children is to look at high quality preschool. As mentioned above, Head Start has few detractors, and business, education and government leaders all agree on the importance of providing a quality service with trained personnel in that setting. Can we take this consensus, which is bolstered by evidence of parental preference for child care centers for three– and four–year–olds, and use it as a springboard for fashioning the kind of high quality comprehensive full day child care services for children of all ages that are needed by families? Can what are accepted as necessary quality components in part–day programs become requirements for various types of full–day services?

Our perspective, outlined in detail in this policy report, makes clear that the distinctions between early childhood education (known as Child Development Programs and State Preschool in California) and high quality child care services should be minimized. One cannot educate young children without simultaneously attending to their caretaking needs, and the good care of young children is by definition educational for them. The youngest child learns trust, responsiveness and attachment from consistent caregiving by competent adults. We believe it is possible to synthesize the public goals of school readiness, economic self–sufficiency for families, developmentally appropriate settings for young children, and family autonomy into a system which assures an adequate supply of high quality child care services and provides the needed financial assistance to families to pay for it.

"Parental choice" has been a byword of the Bush administration's support for and implementation of increased child care subsidies. One would be hard pressed to disagree with the preeminence of parents in making these important decisions about the care of their young children. Lacking any universal system for child care services, parents have always had to make difficult choices in arranging child care. Their choices have been and continue to be severely limited by a chronic lack of decent programs, the economic necessity of making tradeoffs between cost and quality, and rigid work schedules. The problem in child care has been with the quality, accessibility and affordability of the available choices. True parental choice implies more far–reaching policy than has been recently articulated at the federal level. In fact, the final regulations for both the Child Care and Development Block Grant and the Title IV-A At Risk Child Care Program substantially undermine parental choice by placing caps on the level of reimbursement for child care expenses. Instead of delineating a system in which parents are given thorough consumer education, adequate levels of cost reimbursement, and an accessible supply of good programs, parental choice in child care is being used as a paradigm for advancing the conservative agenda of parental choice of sectarian programs in elementary and secondary education. Advocates and policy makers should make clear the vast differences between parental choice in these two contexts: free public education is both an entitlement and the cornerstone of an informed citizenry, while child care is still a patchwork of public and private programs.

Additionally, the federal regulations perpetuate a view that adequate regulation of child care services is somehow antithetical to parental choice. Including grandmothers and other relatives in the range of choices which can be supported by public funds acknowledges and supports the preferences of parents, yet it does not replace the need to shore up the supply and strengthen the quality of nonfamilial care. Parents only have choices when they have adequate high quality services available to them and the financial resources to gain access to those services.

In an era of government retrenchment, the greatest impasse to developing universally available child care is the need for sizable financial resources to support the development of and access to high quality child care services. In addition to parent fees, other sources of public and private support must continue and grow. The search for cheap child care solutions should end. Wishful thinking about mothers leaving the work force to return home must be replaced by adequate parental leave and assistance with child care from all quarters. This paper outlines some possible new sources of funding and challenges us to think broadly in addressing this issue. The price for failing to provide the services will be paid—the decision is in paying for quality services when children are young or remediating the effects of poor care as they grow into adulthood.

An important theme that emerged from our work on this report is the need to enlist widespread parent advocacy to move a comprehensive child care agenda forward. Recent research indicates that parents want the same kinds of high quality settings for their children that child care experts espouse. One problem is that child care advocates, long absorbed in the funding and operation of a complex service, have not successfully spoken the language of parents in efforts to enlist their help. We challenge ourselves and our child care colleagues to trust the basic instincts of parents to seek the best for their children and enlist their support on their own terms.

We also feel challenged in addressing how to appropriately meet the needs of California's diverse population. Clearly, the child care field needs to foster leadership from among its ranks to bring a greater diversity of perspectives to the policy arena. Additionally, there is a need to call upon community leaders from all cultural and ethnic groups in California to articulate the specific child care needs of families with whom they work.

The recommendations found throughout the paper are a call to action for policy makers, businesses, state agencies, private and public programs, and parents. They contain ideas that can be implemented in the public or private arenas and by groups or individuals. The issues discussed in each chapter tend to overlap and interweave with each other, and the recommendations found in one chapter in many instances could easily have been placed in another. Throughout are found ideas for research and further study. As we combed through thousands of pages of text on child care policy, we learned much about what we don't know and hope that readers will take from the recommendations ideas of what each of them can do to improve policy. The ideas and the synthesis of information that we present should be used as launching pads for further exploration and inspiration. We have become believers in the incremental approach and in the value of persistence and little steps in solving large problems—the diversity of the recommendations reflects that philosophy.

We do have a vision of universally high quality child care programs available to families throughout the state. We see warm welcoming caregivers who are paid enough to continue doing work that they love; we see parents choosing from an array of programs that reflect their personal values and cultures; we see society supporting child care where children are taught, nurtured and loved. Shaping public policy that affects the growth and development of young children requires delicacy and thoughtfulness. What is known about children and families must be built into the supports that they need—and child care is surely one of them.

Chapter One

Meeting California's Child Care Needs

Mary Jane, a single mother of two children ages three and nine, earns minimum wage. She has placed her three-year-old's name on waiting lists for various subsidized child care centers, but she has yet to secure a slot. Earning $744.00 a month ranks her 22nd on the list. In desperation, she works the 3:00 - 11:00 p.m. shift and leaves the younger child in the care of her nine-year-old. A concerned neighbor reports her to Child Protective Services, and the three-year-old is now considered "at risk of abuse and neglect." Only then does the child become a priority for subsidized child care services.

Angela is 16 and has a five-month-old baby. She has been disowned by her family and lives on her own, receiving AFDC. Although she wants to continue her high school education, the school she attends doesn't offer a child care program, so she drops out of school. Her friend, Sandra, is only somewhat more fortunate; her high school offers child care, but only for three months. Since affordable child care is unavailable in the private market and the waiting lists for subsidized programs are long, she expects that she too will have to drop out. She needs only five more credits to graduate from high school.

Sarah and Bill's three-year-old boy has severe asthma and can go into respiratory failure without warning. The medication he requires four times a day can cause serious side effects. As a result, Sarah can find no child care provider willing to administer the drug. She is now faced with the "choice" of driving across town from work four times a day to the home of the one provider willing to take her son, in order to administer the medication herself, or quit her job until there is space available in a child care program that will administer the medication, which may take months.

Introduction

A confluence of factors has led to an increasing need for child care in California. As in the rest of the nation, statewide trends over the last fifteen years have included:

- dramatically increased labor force participation by mothers, with the greatest rate of increase among those with the youngest children;
- an increase in single-parent households, particularly those headed by mothers;
- soaring child poverty rates;
- growth of the child population, due in part to the baby-boom "echo effect";
- increases in births to teenagers;
- an enormous wave of new immigrants; and
- increased housing costs, matched with a decline in real wages.

One in nine children residing in the United States lives in California ... by 2000, this number will be one in eight.

This last economic trend explains in part the declining number of households in which one parent works outside the home and one serves as homemaker. This type of "traditional" family has declined to less than 10% of all American households.[1] For virtually every trend cited above, California's experience has been even more dramatic. A brief review of key figures and trends will serve as a background for understanding California's immense child care needs.

Child Population

According to 1990 Census data, California has 6,227,286 children ages thirteen and under.[2] In contrast to the 1970s, when fertility rates declined, California has experienced child population growth during the 1980s and 1990s. This growth will continue, although the age distribution of children will change as the currently large cohort of infants, toddlers and preschoolers move toward their school-age years. The 1990 Census data show that there are 40% more preschoolers in California than there were in 1980.[3] During the 1980s, 54 California counties experienced child population growth.[4] Currently, one in nine children residing in the United States lives in California, and it is expected that by 2000, this number will be one in eight.[5]

California's child population is also the most ethnically and racially diverse in the country. Indeed, in a quarter of California's counties—the areas in which most of the state's children live—a majority of children are children of color.[6]

Labor Force Participation

During the past two decades the U.S. has seen an unprecedented expansion of labor force participation by women, with the greatest increase among mothers of small children. In 1988, the Bureau of Labor Statistics estimated that nationally, 73% of mothers with children ages six to seventeen, and 56% of mothers with children under the age of six, were in the labor force. In 1988, 51% of mothers with infants were at work before their babies were a year old[7] and by June 1990, 53.1% of mothers with infants were in the labor force.[8] California's labor force participation is slightly higher. According to 1990 Census data, 57.5% of mothers with children under six are in California's labor force.[9]

Family Structure

The proportion of children living with only their mothers has greatly increased since the 1970s, due to increased rates of divorce and increases in unmarried childbearing. Nearly 10% of California's adult population is divorced.[10] California has seen a continued rise in births to teens; in 1988, its teen birth rate was more than 10% higher than the national average.[11]

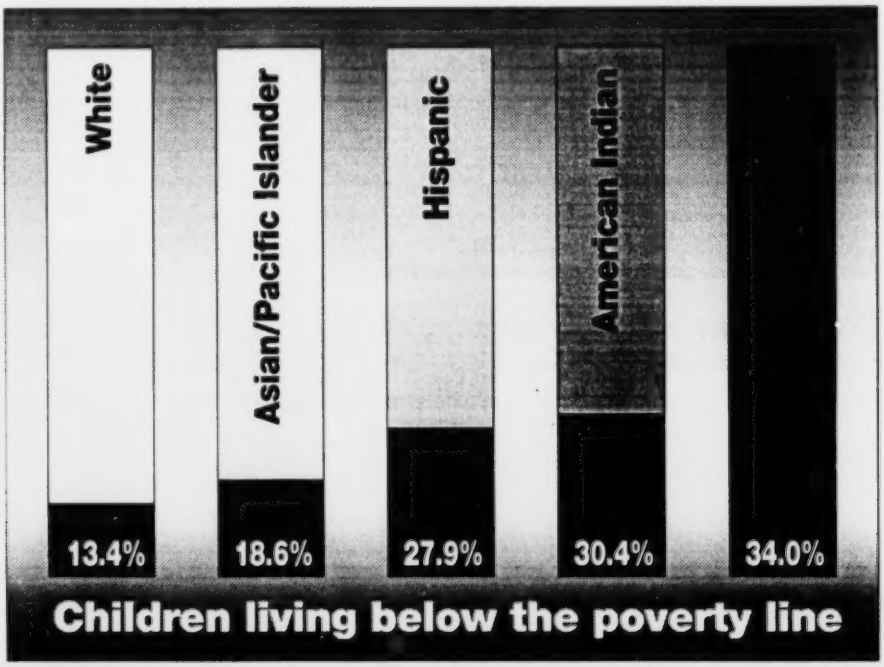

Fig. 1–1—*California Child poverty rates. Source: 1990 Census data*

Family Income and Child Poverty

During the 1970s and 1980s, the United States experienced very low to nonexistent average annual growth rates for family income, despite a large increase in two–earner families and a decline in average family size.[12] This lack of growth in family income must be measured against the enormous rise in housing costs in California over the same period. Rental housing costs grew more than twice as fast as minimum wage income in nearly every county.[13] In almost three-quarters of California's counties, the number of children living in extreme poverty has risen by at least 50% between 1980 and 1990.[14]

These averages, moreover, mask an ever-widening disparity between families of color and white families. A national study conducted by the Children's Defense Fund and Northeastern University's Center for Labor Market Studies indicates that from 1973 to 1990, incomes fell 22% for young white families, 28% for Hispanic families, and 48% for African-American families. Poverty rates rose to 23.8% for children of young white families, 43.5% for those in Hispanic families, and 57.9% for those in African-American families.[15] In California, which provides data on the percentage of children (rather than of families) in poverty, 1990 figures indicate that among children ages 0-4, 13.4% of white children are living below the poverty line, by contrast with even more shocking figures for children of color—18.6% of Asian/Pacific Islander children, 27.9% of Hispanic children, 30.4% of American Indian children, and 34% of African-American children.[16] (See Fig. 1–1.)

The issue of family income is critical to an understanding of child care affordability. According to the National Child Care Survey (1990), families with annual incomes under $15,000 spent as much as 23% of their income on child care while families with annual incomes of $50,000 or more paid only about 6%.

Child Care Needs

Hundreds of local, state and national studies have been produced over the last decade documenting the need for creating more affordable, quality child care programs. In response, several studies have come to a seemingly contradictory conclusion: that there is no shortage, except for certain specialized types of care and for parents who do not have ample financial resources.[17]

The general trend we are seeing is a movement away from the use of relative care and toward center–based care.

In reality, these "specialized" types of care include virtually all kinds of child care—infant care, school-age child care, care for those with special needs, subsidized child care for low-income families, child care for those who suffer from acute or chronic illness, care for children whose parents do not work traditional schedules... The list goes on. Essentially, what these studies really indicate is that in many regions we are not currently experiencing a shortage of preschool spaces.[18] While preschool programs may be adequate in number, the varying quality of services and the lack of affordability bar true access.

One could continue to debate where shortages actually exist, because of problems with current data. But policy makers must not get stalled in trying to determine whether there is a general child care shortage. If we take as fundamental that all families, regardless of their social, economic or cultural background, should have access to affordable, high-quality child care services, we have ample evidence that families' needs are not being met.

Child Care Usage

Many of the factors previously described have contributed to families' increased need to rely on persons outside the immediate family to care for children. In 1987, the preschool (defined for this study as children under 5) child care arrangements of American families indicated that 24.3% of children were cared for in child care centers, 29.9% were cared for in-home (with 6.2% of this care performed by nonrelatives), and 35.6% were cared for in another's home (22.4% of this care, or approximately 8% overall, was in a family child care setting).[19] By 1990, the percentage of preschoolers in centers had grown to approximately 43%, while family child care accounted for approximately 17%.[20] As can be seen in Figure 1–2, child care arrangements differ significantly depending on the age of the child.

The general trend we are seeing is a movement away from the use of relative care and toward center-based care. These figures, however, mask some important issues. First, parents continue to use a high percentage of informal care—both exempt and illegal—for infants and toddlers. (Exempt care means care that is not required to be licensed, and includes the care of children in the parent's home, care of children from one family only in a provider's home, etc. Illegal care means care which should be regulated according to law but is not.) This likely reflects preferences, and the dearth and high cost of licensed infant/toddler care. Secondly, these figures fail to capture the number of children who are in multiple child care arrangements.

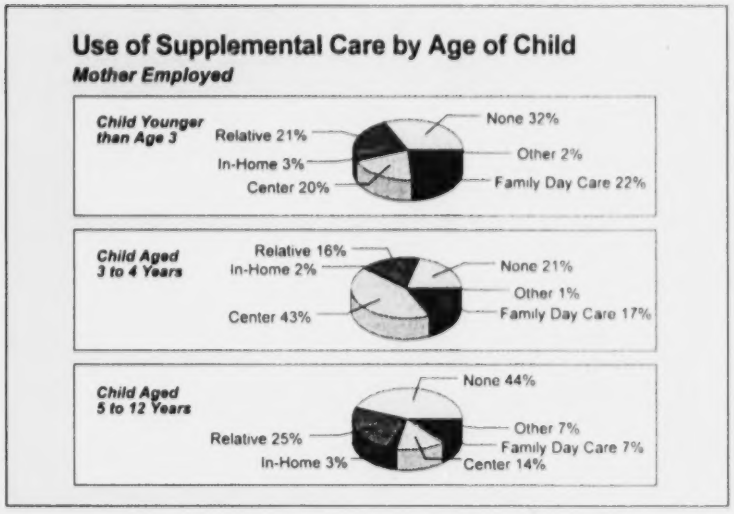

Fig. 1–2—*National use of supplemental care by age of child. Source: National Child Care Survey, 1990*

When one looks at the various arrangements presently being used, one sees a relative balance between care in centers, care in family child care homes, care by parents and care by relatives.

While some of these choices might change if more care of a particular type were available, the arrangements indicate diverse utilization, likely reflecting the needs and preferences of parents. This diversity of program types and sponsorship has been, and will continue to be, essential in meeting the diverse needs of California's families.

While we can assume that there is a shortage of many types of care, it is important to be able to track which types of care are in greatest demand, so that we can prioritize limited resources and engage in necessary planning.

An Overview of the Child Care Supply in California

California's child care supply includes licensed family child care homes, licensed child care centers, and unregulated care (both exempt and illegal). Not surprisingly, we lack good data on the number of unregulated child care arrangements. However, in a recent child care survey conducted in Bell, a city of 35,000 located seven miles southeast of downtown Los Angeles, with 92% of the respondents Hispanic and 80% with a total household income of less than $25,000, 10% of the children were being cared for in an unlicensed family child care home.[21]

The 1986 market survey conducted by the California Child Care Resource and Referral Network found that 7.5% of licensed child care centers and 41.8% of licensed family child care homes were either assumed or declared inactive.

The latest Department of Social Services figures (July 1992) indicated that there were 11,226 licensed child care centers with a total capacity of 535,309 children, and 38,390 state-licensed family child care homes with a total capacity of 275,509. As of March 1992, there were approximately 11,200 additional family child care homes licensed by 19 counties with a total capacity of 95,651 slots. It is important to keep in mind, however, that the 1986 100% market survey conducted by the California Child Care Resource and Referral Network found that 7.5% of licensed child care centers, and a whopping 41.8% of licensed family child care homes, were either assumed or declared inactive.[22] This means that in 1986, 34.7% of all licensed child care providers were not operating. Additionally, many providers operate at less than full capacity, some out of choice, others because of the normal time lags in filling slots. We are also unable to discern from the capacity figures whether care provided is full- or part-time. Consequently, a measurement of overall licensed capacity masks the considerably smaller supply truly available to families.

California's Subsidized Child Care System

The State of California supports a wide array of child care program types, through two different state agencies. These programs are administered by the Department of Education (CDE) and the Department of Social Services (DSS). Some programs are funded by state monies; others are supported by a mix of state and federal monies, and some programs receive only federal funds.

State Child Care and Development Programs—Major Program Types	
Program	**Description**
Migrant Child Care	Available in state-owned migrant housing camps and in out-of-camp facilities during peak agricultural periods. Migrant programs provide bilingual support services to families in addition to child care and development services. Health professionals are also available to families at each child care site. Centers are operated by county offices of ecucation, school districts, and provate nonprofit agencies. (California also has 12 federally-operated migrant child care centers.)
Campus Child Care	Primarily for the children of students attending California Community Colleges, California State Universities, and the University of California.
School-Age Parenting and Infant Development (SAPID)	Provides child development services for infants and toddlers of teenage parents who continue to work toward obtaining their high school diploma. Centers are located on or near high school campuses. They are operated by school districts and county offices of education.
Severely Handicapped	Provides supervision, care, therapy, and youth guidance to children with severe handicaps to age 21. The state subsidizes seven child care centers which serve severely disabled children only.
Children with Exceptional Needs	May receive child care and development services at ten "mainstream" sites which are specifically designed to provide integrated services to both handicapped and nonhandicapped children.
Alternative Payment	Subsidizes child care provided in private centers, family child care homes and, occasionally, in a child's own home. This subsidy usually takes the form of a monthly "vendor" payment to a local provider selected by the family.
Resource & Referral Agencies	Provides information and referral services to anyone in need of child care, regardless of income level. Agencies also provide support services to local child care providers. Every county in California has at least one resource and referral agency.
Respite Care	Provides short-term child care services for families in crisis. Children must be identified by a legal, medical or social service agency or emergency shelter as being neglected, abused, exploited, or homeless or at risk thereof. Respite care is administered through resource and referral agencies on a vendor-voucher basis.
School-Age Community Child Care or "Latchkey"	Provides care before and after school and during vacations to children in kindergarten through grade 9. Priority is given to children in grades K-3. An equal mix of subsidized and nonsubsidized children must be served. Services are provided on or near public school sites. Most programs are operated by school districts and private nonprofit agencies.
State Preschool	Provides a comprehensive educational, health, and social service program for three- and four-year-olds, but does not offer full-day care.

Table 1–1—*General Child Care and Development programs primarily serve low-income families, most of whom are headed by single working parents. These programs provide basic care and supervision, age-appropriate developmental activities, nutrition, health screening, parent education, staff development, and referrals to social services. Care is provided for infants through school-age children for 2 to 10 hours per day, five days a week, throughout the year. Services are provided through public school and community programs (center based) and family child care systems. SOURCE: Adapted from materials developed by* On the Capitol Doorstep, *1991*

Department of Education: State-Subsidized Programs

The California Department of Education administers the State Preschool Program, General Child Care Programs, migrant child care programs, campus child care programs, school-age child care, care in family child care homes, care for the severely handicapped, care for the children of teen parents, respite care, and alternative payment programs. These programs are briefly described in Table 1–1 and compared in Appendix A. Each incorporates income and categorical eligibility; in some instances, categorical eligibility is very broad, such as a parent's need for child care due to employment, while other programs are tailored narrowly to specific populations. One component of the state-subsidized system, the child care resource and referral agencies, offers services to all families regardless of income, ethnic status, cultural background or special needs.[23]

Department of Education: Federally-Subsidized Programs

The Department of Education has also been designated as the lead agency to administer California's share of approximately $76 million of the new federal Child Care and Development Block

Table 1-2—*Primary Federal Non-AFDC-Linked Child Care Programs*

Primary Federal Non-AFDC-Linked Child Care Programs	
Program	**Description**
Head Start	Primarily serves 4-year-olds in a part-time comprehensive, educational, social service, and health program operated generally during the school year.
Child Care and Development Block Grant	Federal program requiring no state match; 75% for direct services (contracts or vouchers), 18.75% for school-age child care and preschool, and approximately 5% for quality improvements.
IV-A At-Risk Child Care	Federal funding requiring state match to provide assistance to working families at risk of welfare dependency.

Grant (CCDBG). This money is divided into several pots: 75% for direct service (contracts or vouchers, with parental choice required), 18.75% for school-age and preschool child care, and approximately 5% for quality improvements.

CDE also has worked out an interagency agreement with DSS to administer the new At-Risk Child Care Program. This program has the potential to bring $36.5 million in federal funds (matching pre-existing state dollars) to assist working families at risk of welfare dependency. Within the first-priority group are those who, in addition to having an employed family member and a family income not exceeding 84% of the state median income, are:

- Former recipients of transitional child care (TCC, described in full below) who have exhausted all TCC eligibility and are employed;
- Former AFDC recipients who did not qualify for TCC and are employed; or
- Emancipated parents under the age of 20 who are employed, not receiving AFDC, and possess a high school diploma or GED certificate or are in an educational activity leading to either credential.

The second-priority group is made up of all those who meet the At-Risk low-income level but who do not qualify in any of the criteria listed above. (See Table 1-2, which briefly describes the major federal subsidies for child care not linked to AFDC, and Appendix B, which compares them. These are Head Start, the Child Care and Development Block Grant, and Title IV-A At-Risk funds.)

Chapter 1

California also receives federal Chapter 1 funding, which is commingled with Head Start and other funds for the purpose of supporting preschool services for children of low-income families. There does not appear to be complete data, however, on how much of this funding is spent on preschool versus elementary education.

Department of Social Services Programs

The Department of Social Services administers a number of AFDC-linked child care subsidy programs. These include child care payments for participants in GAIN (California's JOBS program), AFDC payments for families in approved education and training programs who are not enrolled in GAIN (NET), and payments for transitional child care (TCC) for families leaving AFDC.

DSS also administers the income-disregard mechanism available to eligible families who are working but continue to be eligible for a partial AFDC grant. The disregard allows families to deduct child care expenses from their income before the AFDC grant is calculated. Presently, the cap on child care expenses is $200.00 per month for infants and $175.00 for other children under age 13. Consequently, families using the income-disregard mechanism are limited to the very cheapest child care arrangements, artificially limiting the child care supply available to them. Each of these AFDC-linked child care

programs is briefly described in Table 1–3 and compared in Appendix C.

DSS also administers the child care licensing program in the state. While it provides no subsidies through this program, it is important to recall that the Alternative Payment (AP) program purchases care on the private market, care generally licensed by the Community Care Licensing Division of DSS.

AFDC-Linked Child Care Programs

Program	Description
Greater Avenues for Independence (GAIN)	An education, training and job services program for those receiving AFDC. It pays for child care expenses.
Non-GAIN Education and Training (NET)	Child care subsidies available to parents who receive AFDC and are enrolled in full-time training or education toward a job in demand in their county, and who are not able to get into GAIN.
Income Disregard	Available to eligible families who are working but continue to be eligible for a partial AFDC grant. The disregard (up to $200/month for infants and $175/month for children under 13) is deducted from income before their AFDC grant is calculated.
Transitional Child Care (TCC)	Provides payment toward child care for families disqualified from AFDC due to an earnings increase, or loss of the earned income disregard. Families terminated from GAIN and NET due to increased earnings are also eligible for TCC.

Table 1–3—*AFDC-Linked Child Care Programs*

Specialized Programs Supported Wholly by the Federal Government

Head Start

Head Start is a federally-funded child development program providing a rich array of supportive services. It typically serves four-year-olds and operates part-time during the school year. Head Start currently serves children of families earning up to 100% of poverty level, which is only $13,400 annually for a family of four.[24] While Head Start currently requires local programs to provide a match of funds (the elimination of this requirement is now being discussed), this match can take the form of an in-kind contribution.

Grantees receive their funds directly from the federal government and there is no state oversight of the program. Consequently, Head Start operates independently of California's subsidized child care systems except in those communities which have developed "wrap-around" services. Currently, California has 56 Head Start grantees serving 49,950 children, with $199,885,000 in federal funds. (These 56 grantees, in turn, subcontract with an unknown number of delegate agencies.) In fiscal year 1992, this amount is expected to expand by an estimated $13,945,655.[25]

Adequacy of Subsidized Supply

California has the largest state-supported subsidy program in the country.[26] Nevertheless, it is estimated that only 10% of the eligible population receive a benefit.[27] The overwhelming number of children who do receive child care still receive care in the private sector, and, of course, many who are eligible for but cannot access subsidized programs go without child care completely. In 1987, the Commission on California State Government Organization and Economy (the "Little Hoover Commission") declared that "the unmet demand for state-subsidized child care for children under 14 years of age approximated 1 million children."[28] In 1989-90, the State reported that there had been a reduction of 2,120 children served in subsidized programs; the loss of slots was particularly great for infants and toddlers, due to the high cost of serving them.[29] Today, the number of slots lost has increased, especially for the target groups the legislature intended to serve. While advocates had hoped that some of these losses would be made up by the flow of new federal child care dollars through the Child Care and Development Block Grant and the IV-A At Risk Child Care Program, this money has been slow to reach families. Moreover, it is likely that when the dust finally settles from California's 1993 budget debacle, some additional reductions may occur in the numbers of children served in existing subsidized programs.

Accessing Child Care

In LA County low-income minority communities experience the most severe shortages of care, for while the supply appears plentiful, the lack of subsidies makes care essentially unavailable.

The factors that most influence the availability of child care are accessibility and affordability. While the number of subsidized slots available to eligible families is low, as previously noted, location, scheduling and cost also prevent families from accessing available services. Child care must be convenient to where parents work or live, and must be available during parents' working hours. A parent who works the night shift, for example, may find it impossible to find child care services. In light of the long distances between homes and workplaces, families in rural areas often have great difficulty finding child care that is conveniently located, when they can find child care at all.[30] In Los Angeles County, it has been reported that low-income minority communities experience the most severe shortages of care, for while the supply appears plentiful, the lack of subsidies makes the care essentially unavailable.[31]

The type of care, whether family child care or center-based, and the age groups cared for, are also determinants in the accessibility of services. In addition to parental preference, providers may serve only limited age ranges. For example, if a parent is seeking infant care in a child care center, this might require a long drive, while family child care homes serving infants might be readily available in the immediate neighborhood.

The cost of child care is variable according to type of care, amount of time in care, location, and the program's overall quality. Infant and toddler care almost always costs more than preschool care; family child care is often, although not always, less expensive than center care; and generally, rural care is less expensive than urban care. Nationally, an estimated 1–1.5 million family child care homes cost an average of $75 per week.[32] Among California programs, family child care rates generally for full-time infant care varied from as low as $55 per week in Butte County to as high as $150 per week in Marin County. Center care for infants ranged from $85 per week in Butte County to $154 in Northern Santa Clara County.[33]

Unmet Needs: The Numbers

Currently, the existing supply of child care is well below the level of need. Generally speaking, those who attempt to do child care planning develop rather crude estimates of unmet needs. They start by looking at the number of children (usually ages 0-13) and the percentage of mothers in the labor force, and from that estimate the number of children with mothers in the labor force. Often planners will then assume that approximately 55% of these children will require care outside the home, based on national averages. (Some needs assessments break down demand by age group, based on census reports or local surveys.) This number is then compared to the number of licensed child care spaces.

Applying this crude formula to California, we begin with a child population of 6,227,286 and approximately 57% of mothers with young children in the work force, resulting in an estimated 3,549,553 children with employed mothers. Taking 55% of this figure as the percentage of these children requiring care outside the home, one finds a need for 1,952,254 child care spaces. Current licensed capacity in California is approximately 906,469 slots, leaving a need of 1,045,785 slots. (See Table 1–4.)

Estimated Unmet Need for Child Care in California	
Number of children [1]	6,227,286
Estimated percentage of mothers in California labor force [2]	57%
Estimated number of children with mothers in California labor force	3,549,553
Estimated number of children needing care outside of home (55% of children with mothers in labor force) [3]	1,952,254
Number of licensed child care spaces [4]	906,469
Number of children needing care who are not in a licensed system	1,045,785

Table 1-4—*Estimated Need for Child Care in California*

[1] *1990 Census*

[2] *Author communication with Nancy Austin, California Demographic Research Unit*

[3] *Assumes some families use relatives, in-home caregivers, or have a part-time working parent (about 1/3 of working mothers work part time). The assumption that 55% of children with mothers in the labor force need care outside the home comes from the National Commission on Working Women*

[4] *State of California Department of Social Services Community Care Licensing Department*

Unfortunately, calculating unmet needs is much more complicated than this simple formulation makes it appear. To give just one example, by looking at mothers in the work force as the basic assumption in calculating unmet need, one fails to account for all the mothers who would enter the work force if child care were available. In a recent review of this subject, a study reported that almost 14% of the total population of mothers aged 21 to 29 said they were out of the labor force because of child care problems.[34]

Types of Unmet Needs

Although basic data regarding the numbers of children in child care is typically incomplete, out-of-date, and nonstandardized, there have emerged consistent patterns of lack of supply for particular families. These will be discussed below in greater detail, and include the following:

- Low-income families
- Children with special needs
- Rural families
- Non-English- or limited-English-speaking families
- Migrant families
- Teen parents
- Homeless families
- Children at risk of abuse and neglect
- Infants and toddlers
- School-age children

For the purposes of this discussion, we are forced to separate these issues, which creates artificial distinctions not reflective of the many California families who fall within several categories at once. For families with multiple needs, the system is grossly deficient. As we review the extent to which California addresses the needs of various groups, we must not overlook these neediest families. Additionally, there are other types of unmet needs that will not be addressed here, such as the need for care during irregular hours and the need for care for mildly ill children.

Low-Income Families

There is an acute shortage of child care for low-income families. The number of low-income families in California is expanding rapidly, and the amount of child care subsidies has not kept pace.

Recent statistics indicate a widening of the gap between income groups in California. From 1979 to 1989, the poorest fifth of all families suffered a 6% decrease in their inflation-adjusted income, while the wealthiest fifth experienced a 17% increase. During recent years, the number of children served in subsidized programs reflects an overall reduction from the number served by comparable programs in 1985-1986.[35]

From 1979 to 1989, the poorest fifth of all families suffered a 6% decrease in their inflation-adjusted income, while the wealthiest fifth experienced a 17% increase.

In California today, the programs available to low-income families offer a wide range of services, but only a small portion of those eligible and/or needing services receives care. It has been estimated that only 10% of the eligible population are receiving the benefits of subsidized child care.[36] Exact numbers of children in need of care, however, are not known. As was noted in the State Department of Education's Program Facts Report of 1990, there has been a marked increase in children enrolled under the category of protective services (increasing by 31% since 1985-86). While we have no data on the number of children in this category whose families also meet low-income eligibility guidelines, it does appear that there has been a reduction in the number of subsidized child care openings for low-income families in need of child care to support parents' work or training.[37]

And as mentioned earlier, this unmet-need figure fails to include the large number of poor mothers who are out of the labor force entirely because of the lack of affordable, quality child care. As one commentator noted, these low-income mothers face a "Catch-22" situation: "Without child care, they could not look for work, and without work they could not pay for child care."[38] By contrast with higher-income women, who are more likely to take time off from work to handle child care problems, low-income women are more likely to be forced into leaving the labor force for extended periods of time when child care arrangements break down.

The costs of full-time care are a significant burden for even middle-income families to bear, but for low-income families, paying for full-time child care is a monumental struggle. Monthly rates in California for an average family range between $305.28 for full-time, licensed school-age family child care to $514.26 for full-time infant center care.[39] A family of three earning $9,000, approximately minimum wage, for example, would likely be on the waiting list for subsidized child care, and if expected to fully pay for the full-time infant care just noted, would be paying between 40 and 68% of its family income on child care! It is important here to note too that a minimum-wage-earning family of three is living below the Spring 1991 national poverty level for a family of three, set at $11,140.[40]

Unable to afford unsubsidized care, employed low-income parents may be forced to quit their jobs and "recycle" back into the welfare system, thereby defeating the intent of the legislature that "families achieve and maintain their personal, social, economic and emotional stability through employment"[41] supported by the provision of subsidized child care services. Alternatively, many families rely on shift work, care by relatives, siblings and friends, and ever-changing "make-do" arrangements, some of which can threaten children's safety and some of which, because of their precarious nature, interfere with parents' ability to work.

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Ironically, although persuasive arguments are made by policy makers for the expansion of comprehensive child development services to low-income families, the most recently enacted child care programs support the use of informal unlicensed care, which does not require the care provider to have any child development training nor to engage in the type of "developmentally appropriate practices" found to be so beneficial to children in the Perry Preschool, Head Start or subsidized child development program models. The Family Support Act, of which California's GAIN program and Transitional Child Care are a part, is also administered in a

way that encourages the use of exempt care. This is not to disparage the well-considered choice of families choosing relative care, but to draw attention to whether genuine choices are available, including comprehensive full-day child development programs.

Recommendations

- Expand the amount of subsidies available, both by expanding local subsidies (see Chapter V) and by improving utilization of federal funds.
- Improve the amount of the income disregard.
- Evaluate the utilization of CCDBG and Title IV-A funds in areas of high poverty, to ensure that future funds are equitably distributed and address areas of high need that are not being adequately served. These evaluations should be conducted as needs change.
- Examine CDE and other fee schedules in relation to affordability.
- Expand the resources of R&R agencies to improve outreach and services specifically in low-income communities.
- Address the lack of sufficient child care for those in the process of searching for employment.
- Assist high-need, low-resource areas to develop the capacity to capture their fair share of child care subsidies.
- Expand eligibility for Head Start by raising income guidelines; support legislation to make Head Start an entitlement; encourage its expansion to a full-day, full-year program.

Children With Special Needs

In California, over one quarter million children have "exceptional" needs.[42] In 1985, the number of children with exceptional needs severe enough to affect their participation in child care was estimated between 221,000 and 242,000.[43] Among these children, 13,000 possessed a limitation severe enough to prevent them from engaging in a major life activity.[44] Of course, it is important to keep in mind that there is a very wide variation in levels of need among children who are labelled as having "special" or "exceptional" needs.

These estimates are based on contacts by special needs children with state agencies, which makes them quite crude, given the overlapping nature of services provided by four primary state agencies—the State Department of Education, the Department of Developmental Services, the Department of Health Services (California Children's Services) and the Department of Mental Health. Moreover, such figures do not include those children with disabilities, believed to be quite numerous, who are not currently served by these agencies.

For most of these families, access to child care is limited, and long waiting lists are common, in both publicly and privately supported programs. We know that the majority of providers are not currently equipped to care for many of these children, due to lack of training, lack of resources or both. Moreover, resource and referral agencies have had limited resources to help parents of special needs children obtain care, even when appropriate care exists, and to assist providers interested in helping such families.

Numerous constraints limit the ability of these families to access needed child care services. These include: The lack of trained providers (and appropriate training opportunities), high costs with inadequate reimbursement or subsidies, transportation problems, the cost

In California, over one quarter million children have "exceptional" needs.

of modifying facilities, the cost and availability of liability insurance, and licensing barriers.

At present, relatively few child care providers have specialized experience and training in caring for children with special needs. Such training can make a real difference in the quality of care available to these children. In part, the lack of trained personnel in child care has been due to the dearth of training opportunities, but there is now growing pressure to improve this situation, with the enactment of various laws which will be integrating many more special needs children into mainstream child care programs.

Although CDE gives providers increased reimbursement for caring for children with special needs, the adjustment factor of 1.2 or 1.5 depending on the severity of the need has not always been helpful to providers. Many do not claim the additional amount, because it means reducing the total number of children in full-time slots if they are working with a fixed total contract amount. As a result, centers have been reluctant to admit these children even if their disabilities are very mild.

The cost of care is high regardless of a parent's income, given the lack of supply. This is because some private providers who do not have experience or training have refused to serve children prior to the passage of the Americans with Disabilities Act (ADA) [see below], and those with training have been able to command a higher than market rate for care.

There has been some positive movement in the direction of increased child care subsidies for special needs children and increased support for related projects to increase child care supply. While early intervention monies have not traditionally been used in child care settings, the "family-focused" approach of Part H of the Individuals with Disabilities Education Act (IDEA) has led to the identification of child care as an essential service for many families, and child care has been considered an appropriate element of Individual Family Service Plans. As a result, many California Local Planning Agencies which were created in response to Part H have used their direct service monies for child care-related purposes, such as needs assessments, curriculum development and training. More consideration is being given to providing early intervention services at child care sites.

Under the Child Care and Development Block Grant, California has established fiscal incentives to encourage providers to serve special needs children. Reimbursement contract rates for full-time care are 150% for providing care for the severely handicapped. These incentives are intended to enable the employment of specialized staff and the purchase of supplemental materials.[45]

Additionally, the passage of the Americans with Disabilities Act will require both family child care homes and child care centers, both publicly subsidized and private, to make their programs accessible to disabled children. Some tax benefits may be available to proprietary programs in the form of deductions and credits for making programs more accessible.[46]

Besides the lack of training and the high cost of care, other problems occur with care for children with special needs. If the child is physically handicapped, the center may not yet be accessible. Transportation is a problem—at times because of the lack of accessible vehicles, and at times because of the great distances children would have to travel to participate in an appropriate program. Parents of special needs children are not often able to make use of carpools or even public transportation, although aspects of the latter barrier will hopefully fall with the full implementation of the Americans with Disabilities Act. (It will still remain a problem when parents are unable to accompany very small children, in which case public transportation would not be a viable option.) Lack of transportation may

present formidable barriers to families living in rural areas.

Denial or increased costs of insurance, as well as technical requirements of licensing, are financial and bureaucratic obstacles that deter providers who wish to serve children who are disabled.[47] Licensing evaluators are not adequately trained to advise providers on how to serve even moderately disabled children.

Emerging Special Needs Populations

Over the past several years, there has been a growing recognition that some of the special needs population's functional impairments are due to prenatal exposure to drugs and alcohol. Currently, we do not have good figures reflecting the prevalence of substance-exposed infants and whether the numbers are actually growing. However, best estimates are that between two and three percent of newborns may be cocaine-exposed, and that some alcohol exposure occurs among 73% of all pregnancies.[48] Needless to say, simple exposure is quite different from a level of exposure resulting in impairment. Estimates from the California Department of Alcohol and Drug Abuse indicate that about 72,000 infants born each year have been exposed to drugs, including alcohol. From 1985 to 1987, Los Angeles County reported a 300% increase in the number of infants born exposed to drugs.[49] Despite this data, however, we have very little valuable information, for these statistics do not tell us whether children have been exposed to multiple substances, what the dosages of exposure were, and at what point of the pregnancy the exposure took place. These particular facts are critical in determining what may be vastly different consequences on any particular child's development.

Knowledge is limited concerning the expectable functional impairments resulting from substance exposure, as is knowledge about optimal methods of caregiving.

Knowledge is limited concerning the expectable functional impairments resulting from substance exposure, as is knowledge about optimal methods of caregiving. As a result, child care providers are not equipped to deal with the emerging behavioral issues particular to these children, issues which may also change over the course of the child's development. Not surprisingly, the availability of child care for this population has been identified by counties as a major service gap.[50]

Another emerging special needs population is the increasing number of HIV-infected babies. Latest estimates from the California Department of Health Services indicate that as of July 1992, California had 297 pediatric AIDS cases. The number of these children is expected to grow, and with advances in treatment it is probable that they will experience longer life expectancy. This has implications for child care, as more children who are HIV positive and/or have AIDS will be requiring child care services.

Recommendations

- Address the needs of special needs children by looking at children's functional impairments rather than at labels, diseases, and so on.

Coordination

- Coordinate early intervention services with the provision of child care. In particular, fund Part H services at the child care site and include child care representation on the state and local Part H Interagency Coordinating Councils.
- Improve coordination between CDE, DDS, DHS and DMH.
- Ensure that the Child Find system includes links to child care.
- Develop interagency agreements to maximize and coordinate funding.

Training

- Train licensing evaluators in issues related to caring for special needs children, particularly licensing issues.

- Train personnel in the Child Development Division of CDE in issues related to caring for special needs children.
- Amend training requirements for child care providers to include coverage of special needs issues, including: identification of special needs, strategies for caring, community resources, legal responsibilities, and tax benefits and other subsidies for programs and parents.
- Offer training through community colleges and resource and referral agencies, and ensure that such trainings are offered multilingually.

Resource and Referral Agencies

- Expand resources to California R&R agencies in order to enable them to:

  1. Identify providers currently providing care and catalogue the needs they are now able to meet;

  2. Identify providers interested in caring for special needs children but who need training;

  3. Identify community resources to help providers and parents link up with related support services;

  4. Conduct outreach to non-child care settings, such as hospitals and regional centers, to identify parents who need child care or respite care but are unaware of how to access them;

  5. Provide specialized training and support to providers.

Reimbursement and Rates

- Improve child care program reimbursement mechanisms and rates.
- Improve the purchase-of-child-care mechanism through Regional Centers, specifically by monitoring Regional Centers to ensure that they make child care reimbursement decisions on the basis of each client's individual circumstances, not denying payment for child care automatically on the basis of policies which generally prohibit it.
- Improve coordination with private health coverage, dollars from CHDP, Part H and other appropriate funding streams.

Resource Development and Targeting

- Target dollars specifically to respond to impairments in children due to substance abuse, to prevent the burgeoning need in this area from eclipsing all other needs.
- Evaluate existing models and provide resources for replication.
- Provide resources to develop new models, and to evaluate and replicate as appropriate.
- Expand services to severely disabled children.
- Develop local and state funds to provide loans or grants for necessary renovation, construction, equipment and materials.
- Conduct curriculum development and research in the field of caring for special needs children.

Licensing and Insurance

- Review licensing requirements with an eye toward the elimination of provisions which inappropriately limit or make impossible the care of special needs children.
- Review licensing requirements and eliminate provisions which violate the Americans with Disabilities Act (ADA).
- Mandate available, affordable insurance to child care providers serving children with special needs when the private market fails to make this insurance available.

Rural Families

According to 1980 Census data, 9.2% of California's children lived in rural areas,[51] which while not a high percentage, still includes a very large number of children, given California's enormous child population. These children also have unmet child care needs. It is important to remember, too, that as rural and suburban counties become increasingly urban over the next ten years or so, they will experience intense pressure to build an adequate child care supply, an occurrence for which they are presently ill-prepared.

As rural and suburban counties become increasingly urban ... they will experience intense pressure to build an adequate child care supply ... for which they are presently ill–prepared.

This view was supported by testimony on the state plan for the Child Care and Development Block Grant from the Los Angeles County Child Care Coordinator. She observed that "within the past decade, the northern portions of this county have been transformed from sparsely populated rural areas to suburban communities. Lured by 'affordable' housing, families are finding that their piece of the American dream comes at the cost of long daily commutes to work and in the absence of desperately needed family support services."[52]

Currently, there is virtually no information specific to the child care needs of the rural areas of California, aside from the priorities developed for the expenditure of federal block grant funds in the predominantly rural counties. No detailed analysis has been made comparing rural priorities to those in urban areas to see whether they differ in any significant ways.

A recently completed national study found that there is a greater shortage of child care in rural than in suburban or urban areas. These rural areas were found to have the highest usage rates for family child care homes and the same shortages for center care as reported for suburban and urban areas.[53] Rural communities, however, were found to have less than their proportionate supply of regulated family child care. Additionally, another national study of children in rural America countered the prevalent myth that rural mothers stay home with their children, and found that the labor participation rates of married mothers in rural areas was greater than their counterparts in the cities or suburbs. As a result, national statistics find that almost half of young rural children are in some form of child care.[54] According to the 1991 Regional Market Rate Survey of California Child Care Providers, Alpine, Glen, Modoc and Trinity counties each had only two child care centers within their respective boundaries, and Sierra County had only one. This is not surprising, of course, since a certain population density is vital to support child care center programs.

We know that because of the long distances rural residents must travel between work, home and child care, location and transportation loom as significant barriers to access. These long distances also mean that providers have less contact with training opportunities, with fellow providers who can offer mutual support, and with licensing evaluators. Further, we know that while the cost of care is generally lower in rural areas, the percentage of family income spent in rural areas exceeds that spent in urban areas. According to a 1990 national survey, rural residents spent 13-18% of their incomes on child care, while their urban counterparts spent approximately 11%.[55]

Recommendations

- Study the unmet child care needs of rural families, focusing on whether there is a need for more regulated care and part-time care.
- Evaluate and recommend strategies to increase rural providers' access to training.
- Ensure equitable distribution of funds, including minimum funding necessary to operate small programs and pilot programs in rural areas.

- Increase efforts to locate child care programs at major work sites in rural areas.

Non–English– or Limited–English–Speaking Families

The number of children in subsidized programs whose home language is other than English has been increasing steadily. The 1985-86 Triennial Report from CDE found that one out of every four children in state child development programs had limited proficiency in English.[36] This demographic shift in California's population has far-reaching implications for child care services. Agencies and programs must address and reflect the needs of this population, of which an essential component is staff diversity. Educational materials, staff and assessment tools must be available in the child's home language. Assistance must also be available to help the children master English and maintain their home languages.

One out of every four children in state child development programs had limited proficiency in English. This demographic shift in California's population has far–reaching implications for child care services.

In reality, however, many programs have no staff members that speak the children's home language. This gravely compromises the adequacy of care. In some communities, there are few non-English- or limited-English-speaking individuals who have had the opportunity to obtain the necessary child care training. In other cases, due to the wide range of languages spoken at a particular site, it may be costly or infeasible to meet every child's need for a staff member fluent in his or her home language. Beyond the obvious language barrier, there are cultural differences which staff must be aware of and sensitive to, distinctions that affect the child's ability to assimilate and learn in a predominantly English-speaking environment.

A threshold problem that faces most immigrant families is a lack of access to information about available child care services. Many immigrants are afraid to approach unfamiliar official agencies because of their citizenship status. If immigrant families do have contact with community agencies identified with their ethnicity or native country, these agencies may have little information about the formal child care system, and even less child care information in the families' home language.

In addition, many of the resource and referral agencies are not located in or near the immigrant communities, have limited abilities to communicate with the immigrant population, have limited multilingual materials available, and have limited knowledge of cultural preferences for care. Individuals in the immigrant community who wish to provide care may also have little access to information about starting a child care program, obtaining a license and attracting subsidies. (Chapter II explores some of these language issues in greater detail.)

Recommendations

- Provide for multilingual and culturally sensitive staff whose diversity mirrors that of the community the child care program serves; publicize successful models of recruiting and training multilingual staff.
- Conduct R&R agency outreach to other community groups that work with parents, in order to ensure communication with those who are monolingual. Outreach must emphasize that there are no citizenship requirements for accessing subsidized child care programs.
- Increase the number of state-funded programs established by ethnically diverse communities; provide technical assistance by the state and by R&R agencies to make this possible.
- Develop and disseminate licensing and training materials in multiple languages.

Migrant Families

Migrant Child Development is a state-subsidized program. Most of the centers are located in state-operated housing camps; child care is provided for varying lengths of time during the year, depending on the growing and harvesting season of various crops. California also receives federal funding for its migrant child care programs; unlike the state program, however, eligibility for the federal funds is based on the child's migrant status, rather than on the family's. While state funding for the program has increased slowly over the years, federal funding has remained generally static for the past decade.

The most recent ... study of the child care needs of migrant families was completed over ten years ago ... (and) without such data, it is virtually impossible to determine how the provision of services compares with the needs.

In 1984, 287,000 migrant children were eligible for subsidized child care services, but only 2,880 received subsidized child care center care. It was also estimated in 1984 that of these 287,000 children, 95,000 were left alone or cared for by siblings for an average of 43 hours per week.[57] This lack of adult supervision and child-appropriate facilities is particularly disturbing in light of the areas in which these children play. Farm equipment and toxic chemicals can be attractive and lethal play objects for these young children.

According to information gathered in May 1990, there were 2,020 children enrolled in the migrant program[58]—a marked decrease from the 1984 figures cited above. Of the children enrolled, nearly 64% had limited English proficiency.[59] As in other subsidized programs, the trend has been an increase in funding but a reduction in services, because of increasing costs.[60]

Migrant families may have difficulty locating child care because of their unusual work schedules, the very nature of their continual movement from place to place, isolated geography, and lack of awareness of programs—due either to language barriers or to lack of outreach, community resources and services. The low incomes of these families are also a tremendous barrier to accessing services, in the absence of adequate subsidies.

The most recent State Department of Education study of the child care needs of migrant families was completed over ten years ago, in 1980. At present, it appears that the Department has no plan to gather new data.[61] Without such data, it is virtually impossible to determine how the provision of services compares with the needs, whether the location of existing services remains appropriate, and whether new unmet needs have developed over the intervening years. It is interesting to note that in the recent federal Block Grant planning process, San Mateo County placed migrant workers as its third highest priority, with a 15% allocation, and Lake County mentioned "seasonal care" as part of all three of its priorities, but migrant care was absent as a listed priority in the major agricultural counties—giving rise to concerns about whether the needs of disenfranchised populations will be included in local child care planning processes. With regard to new needs, it is imperative that a comprehensive statewide study include exploration of whether changes in immigration and in amnesty laws have affected the migrant population's needs for subsidized child care services.

Recommendations

- Initiate a new study of migrant families in California, including those currently using subsidized child care services as well as those who are not. CDE should be required to work with organizations both outside and within the child care field to determine needs. The Department should also develop information about the needs for child care expansion for this population, identify barriers to service, make recommendations for improving access, and evaluate how well existing services meet existing needs. Legislative mandates should require that this information be shared with local planning councils.

- Expand and tailor services as determined by the above study. This would include reimbursement for costs not associated with other programs, including continual start-up and close-down, more expensive rent, provision of certain health services, etc., as well as possible Block Grant set-asides or expanded categorical funding, if local planning priorities fail to reflect these needs.
- Provide for more staff who are both bilingual and sensitive to the particular needs of migrant families. (See also Chapters II and III.)
- Improve outreach to migrant families, in order to increase their awareness of available services for which they are eligible.
- Change federal migrant statutes, which currently deny access to migrant child care to newborns whose parents have not moved since the child's birth.

Teen Parents

California has the highest teen pregnancy rate of any state ... the birth rates for the youngest teens are rising the fastest.

California has the highest teen pregnancy rate of any state in the nation; in 1988, its teen birth rate was more than 10% higher than the national average.[62] Most disturbingly, the birth rates for the youngest teens are rising the fastest. The statewide birth rate for children 14 and under soared 64% from 1980 to 1990.[63] The further the pregnant adolescent is from graduation, the more likely she is never to complete high school.[64] Indeed, even if a girl becomes pregnant at 17, there is only a 50% probability that she will finish high school; 80% of teen mothers drop out.[65] Single parenthood and lack of child care are the reasons most frequently cited by teen mothers for not returning to high school after giving birth.[66] Without the ability to complete their secondary education, teen parents are more likely to live in poverty for the short and long term. Although GAIN, California's JOBS program, targets teens, only 1,914 GAIN participants statewide were under 20 years of age in the quarter ending in March 1992.[67]

In 1988, only 16% of California's school districts offered either the School Age Parent and Infant Development Program (SAPID), the Pregnant Minor Program (PM) or both.[68] Only half of the 58 counties have either a SAPID or PM program.[69] At present, coordination between these two programs at the local level is poor. Few programs are geared to middle schools, where rates of pregnancy are increasing dramatically. Yet, as a teacher in a teen parenting program testified at the recent hearing on California's Child Care and Development Block Grant plan, these programs are critically important at the school site: "At Mt. Madonna High School alone, the dropout rate among teenage parents was lowered from 73% to 21% because of the prenatal classes, child development classes and the child care facility on campus. In reality, we're able to affect two generations of children at one time."[70]

The availability of school-site programs is very important for the teen parent population. On- or near-site child care eliminates the need for additional transportation which is both costly and stressful for teens with small babies. Moreover, child care programs which are close to the parent allow for parent involvement and education, and minimize the insecurities these new parents may feel over leaving their children in more distant locations. Finally, these subsidized child care programs are offered to the students for free. Most of these parents are ill-equipped to support their infants, and have difficulty obtaining AFDC; as a result, they have few resources to purchase child care in the private market. This is especially true given the very high cost of infant care, when it is even available.

According to a report completed in 1989, teen parenting programs enrolled only 25.8% of the estimated population of 71,700 pregnant minors and teen mothers in California. Furthermore, the

study estimated that by 1992, the number of slots would have to be increased by 800 just to maintain current service levels, while additional services to cover 55,900 students would be required to cover all those in need.[71] (It is worth noting here that various reports provide widely discrepant statistics on the number of pregnant and parenting teens, as well as the number served in teen parenting programs.)

In a study which asked teen parenting programs about obstacles they faced, 28% of the respondents reported insufficient room for child care. When questioned as to what services the programs would improve or add if they had more resources, 67% of the respondents cited the provision of more child care, and 37% indicated they would add more physical space for child care.[72]

Recommendations

Coordination

- Consolidate the Pregnant and Parenting Teen Minors Program and the School Age Parenting and Infant Development Program (SAPID).
- Require case management for teen parenting programs.
- Develop formal links between CDE, DSS and DHS on teen parenting issues.

Expansion of Services

- Acknowledge child care for teen parents attending middle and high schools as an entitlement, to be provided either on-site or in near-site programs.
- Identify resources for facility development or expansion to accommodate these programs.
- Expand Alternative Payment program dollars for child care where facility development is impractical.
- Create a family child care demonstration project serving teen parents.
- Maximize AFDC-linked child care funds to serve teen parents in a way that ensures continued educational progress. All AFDC teen parents in school should fall within the class guaranteed child care under the Miller lawsuit.

Homeless Families

It is almost impossible to ascertain the numbers of children who are homeless and need care while their parents work, look for a job, or are otherwise occupied in the struggle to keep their families together. We do know that an increasing number of the homeless population is made up of women and children. A recent study found that 29% of homeless mothers were under 18 when their first child was born, and that homeless parents, when compared to homeless individuals in general, were younger and less educated.[74] This led the researchers to conclude that homelessness often resulted from early parenthood.

During the 1980s, legislation was passed which gave priority to homeless children for access to subsidized child care slots. However, in practice, many homeless families are not gaining access to subsidized programs because they are unaware of their priority for services—often compounded by a lack of fluency in English,[74] their fear of "the system," their lack of transportation to programs, and the constant movement which so much of the homeless population experiences. It is estimated that only 15 to 20% of homeless children in New York City are enrolled in early childhood programs.[75]

Moreover, the appropriateness of various types of child care settings for homeless children is not without controversy. Providing care on-site in a shelter allows more stability for children, which may be particularly important for children who have experienced instability and find it critical to be close by their parent(s). It may also reduce the awk-

It is almost impossible to ascertain the numbers of children who are homeless and need care while their parents work, look for a job, or are otherwise occupied in the struggle to keep their families together.

wardness they would experience in revealing their situation to other children. On the other hand, integrating homeless children into community programs may boost their self-esteem, and may allow for continuity of care in that they need not leave the program if they find permanent housing or are forced to continue moving from place to place. The more one examines the issue, the clearer it becomes that both types of care are necessary alternatives at this time, and both should be available to homeless children depending on individual circumstances.

Recommendations

Facility/Program Development

- Provide resources for necessary facility improvement and program development to meet child care needs in shelters.
- Incorporate child care into transitional and permanent affordable housing.

Expansion of Resources

- Evaluate current reimbursement mechanisms, and develop alternatives which eliminate disincentives to serve the homeless.
- Assist homeless families in accessing AFDC so as to utilize child care guarantees.
- Include the cost of transportation in reimbursements when the child care program is not at a shelter.
- Extend the period for which respite care is available.
- Extend the job search period during which child care is available.

Coordination/Outreach

- Connect resource and referral agency resources to homeless shelter staff and families.

Children at Risk of Abuse and Neglect

Section 8263 of the Education Code requires that children who are at risk of abuse and neglect be given first priority for subsidized child care services, regardless of income. This determination of risk is made by a legal, medical or social services agency, or an emergency shelter. In 1985-86, California agencies reported serving 5,010 children in this category. By 1989-90, this number had risen to 6,580—a 31% increase in the actual number of "at risk" children served. The CDE report documenting this trend noted that the greater use of child care services by this population reflected the dramatic increase in the incidence of children at risk. In 1989, approximately 535,000 children in the U.S. were designated by the courts or agencies as being at risk of abuse and neglect, of which 41% were under six years of age.[76] Yet even with the increasing numbers of these children found in subsidized programs, long delays for services are still common.

Several consequences flow from the increased numbers of children at risk of abuse and neglect in California's contracted subsidized programs. First, it is reasonable to assume that this trend has left fewer places for California's working poor. Secondly, teachers face a severe burden when their classes are made up of such a large number of children with intense and specialized needs. This burden is exacerbated by the exodus from the field of child care's most experienced personnel. As a result, it is very often inexperienced teachers who are trying to deal with these very needy children—an unhealthy situation for both children and staff.

Respite Care

Additionally, CDE operates a respite care program through the R&R agencies for families in short-term crisis situations. These respite funds are used in part to provide child care to children who are at risk of abuse and neglect but

who are unable to access other funds; they are available through vendor/voucher payments. The R&Rs which administer this money reported in 1988 that since 1983, their respite dollars annually had been fully expended by mid-year.[77] R&R agencies now report that the situation has grown worse since 1988, with dollars fully expended by Christmas or even earlier.

Recommendations

Funding

- Expand the availability of respite care funds.
- Expand and improve the utilization of family maintenance funds to support child care services.

Outreach/Education

- Provide continuing education to county welfare departments on the value of child care as a family maintenance and intervention service.

Training

- Improve training for child care providers on child abuse and on working with children who have been abused.

Infants and Toddlers

The recent Child Care and Development Block Grant planning process, undertaken by all California counties during 1991, demonstrated the state's overwhelming need for infant care. Reviewing local priorities for direct services, 40 of the 58 counties listed infant care as either a first or second priority for the expenditure of federal funds. Indeed, 14 of these 40 counties mentioned infant care as both a first and second priority.

This is not surprising, given the dearth of formal infant care. In a recent survey conducted in San Francisco's Chinatown/North Beach neighborhood, the local resource and referral agency found that despite an estimated population of 2,479 children between the ages of 0-5 residing in the area, the entire neighborhood had only 16 center-based infant/toddler child care slots.[78] Even if one eliminates preschoolers from that child population figure and adds the number of infant/toddler slots available in licensed family child care, the neighborhood's unmet need is enormous. Unfortunately, its situation is not exceptional.

CDE's 1989-90 report of publicly funded child development services noted a substantial decrease in the proportion of services provided to infants and toddlers. According to the report, child development programs in 1989-90 served only half the number of infants and toddlers served in 1979-80.[79] This is a startling trend, particularly when one considers that the numbers of infants needing child care has increased dramatically during this period, with mothers of young infants returning to their jobs more quickly after giving birth. Much of the decline can be attributed to the high cost of offering infant care, and to the lack of consistent cost-of-living adjustments given to programs during part of the last decade. It is notable that there has not been legislative support for the development of a targeted subsidized infant care program, as there was for school-age child care in 1985.

The lack of sufficient child care for infants is due primarily to its high cost. It is estimated that infant care costs average one third higher than the costs of preschool care.[80] This is primarily due to the more stringent adult/child ratios required for infant care, and secondarily to a need for more specialized and costly equipment and supplies. The lack of infant care is also due to concerns about child care quality, and child care's impact on development; both issues are explored more fully in Chapter II.

There has not been legislative support for the development of a targeted subsidized infant care program, as there was for school-age child care in 1985.

Recommendations

Funding (see also Chapter V)

- Increase reimbursements to infant care programs.
- Explore mechanisms to fund paid parental leave.
- Expand tax credits for infant care.
- Explore refundable tax credits for infant care.
- Explore the creation of a targeted subsidized program for infant care.

Training

- Expand training opportunities specifically tailored for infant care providers, including family child care providers.

Advocacy

- Develop an advocacy network particularly focused on infant care.
- Work to change attitudes to support the development of high-quality infant care.

Licensing

- Evaluate the effectiveness of the toddler option.

Other

- Examine parent preferences for child care shares, in-home care, and other informal options. Provide greater supports for these forms of care.

School–Age Children

One of the most striking child care needs that has emerged in the last decade has been care for school-age children. This is primarily due to an increase in the absolute numbers of this age group, the increases in the number of mothers working 9-to-5 jobs (as opposed to traditional "women's jobs" such as teaching, which were more synchronized with children's school schedules), and a growing recognition that leaving school-age children unsupervised when their parents are at work is not often desirable for optimal child development. Lack of supervision leaves many school children vulnerable to drug abuse and crime, and may lead them to engage in criminal activities themselves. For others, the problem is more a case of boredom and loneliness, but children should not be forced to go home, lock the door and sit alone watching television.

The needs of this group are not only large but complex; it is very misleading to speak of the school-age child population as if it were a monolithic group. The needs for care and supervision vary greatly between the ages of four years nine months, when children in California are eligible for kindergarten, and the age of thirteen, when most child care subsidies are terminated.

Affordability, of course, is also an issue. Many parents cannot afford the cost of school-age child care, especially if they are also paying for an infant or preschool sibling; moreover, it may be particularly difficult for parents to pay for formal school-age child care when they question, or are forced to question, whether the care is absolutely essential in the first place.

The dearth of child care programs serving these children is evident from numerous local studies and statewide "guesstimates."

A recent survey conducted in southern Alameda County estimated that even with capacity growing 11% from 1990 to 1991, there was still a need for 744 additional school-age child care spaces in Livermore, 760 in Pleasanton and 207 in Dublin.[81] In Los Angeles County, it was estimated in 1986 that as many as 84,951 school-age child care spaces were needed.[82] As with determining unmet need for all types of child care, it is difficult to ascertain what proportion of children now unsupervised or in informal care would use licensed care if it were available and, of course, affordable.

There are a number of barriers which limit the availability of school-age child care programs. These include lack of

Lack of supervision leaves many school children vulnerable to drug abuse and crime, and may lead them to engage in criminal activities themselves.

sufficient space in schools (perhaps the most desirable site for this type of care, in that it eliminates the need for transportation), lack of appropriate training for staff, lack of transportation, lack of developmentally appropriate programs, and difficulty attracting staff because of the split-shift nature and limited hours of many of the programs. Many children of school age who have been in supervised child care programs since infancy are reluctant to continue attending child care programs, and part of the effort must be to design programs which will attract and interest these children, which in turn depends on having staff trained to meet their needs.

The supply of school-age child care has been slow to catch up with the need. In 1985, California expanded its subsidized system with the development of funding for a specialized school-age child care program. These monies fund schools, nonprofits and local governments—primarily park and recreation programs—to provide before- and after-school programs. Many of these programs operate full-day during school holidays, breaks and summer vacation.

While there is a specific set-aside in the federal Block Grant for early childhood and school-age programs, the impact on the need has yet to be felt.

Recommendations

Facilities

- Require new school buildings to incorporate space for child care programs, set aside special spaces for school-age child care, or require sharing of classrooms when school is over.
- Expand the numbers of programs on or near school sites, and expand the number of slots which are subsidized.

Training and Curricula

- Develop and disseminate training models for school-age child care, and make these widely available in Early Childhood Education (ECE) curricula and in a variety of training settings.
- Disseminate information about model programs which utilize developmentally appropriate curricula, and develop programs which meet the needs of differing age groups.

Other

- Develop plans at the local community level for the transportation of children to after-school programs if programs do not exist at school sites.

Conclusion

As we approach the 21st century, child care has become a major part of everyday life for millions of California families. It is anticipated that most of the demographic, social and economic shifts which have precipitated the burgeoning need for child care will continue for some time. Contrary to the belief that the child care supply problem was solved with the passage of federal child care legislation, much remains to be done to ensure that all California's families have access to the affordable, quality child care they need.

Note: In examining California's unmet child care needs in depth, it quickly became apparent that the data so critical to child care planning in this state is lacking. An extensive discussion of data needs and recommendations can be found in Appendix D of this report.

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Chapter Two

Improving the Odds: Quality Matters

When Susan returned to college part-time her son was eight months old, and she asked everyone she knew about child care. She called the local resource and referral agency, received a list of "babysitters," and interviewed a couple of them. She finally called a woman who had been recommended by a number of friends. When she left Evan there the first day it seemed very crowded, although she did see a state license on the wall. She knew she would be gone for only a few hours at a time, but she worried about the numbers of children and the amount of clutter and small objects that were left around where her baby would be crawling. When she returned, she found Evan alone in a upstairs room where he had been left to "nap." He was awake, and she had no idea how long he had been left alone. Not knowing how to confront an experienced child care provider with her concerns, she left with her son and never returned.

At five, Josh was one of the youngest children in the summer recreation program run by the local community center. The program was very exciting for him, with field trips to beaches, parks and other nearby attractions nearly every day. The program was run by an experienced recreation director, but most of the staff were high school students on summer vacation. On field trips, each "counselor" was in charge of as many as twelve children. When Josh's mother came to pick him up one day she couldn't find him. None of the staff who were at the center at closing time had been on the day's field trip, and no one could even tell her whether he had returned from the park with the group. Panicked, they began making phone calls trying to locate him. One final search around the center found him playing outside with a friend in the far reaches of the playground. Relieved but greatly distressed, his mother went immediately to the director to express her serious concern about the children's safety in the program. She was especially distressed that no one had made sure that Josh was on the bus when it returned from the day's field trip.

Introduction

As one commentator aptly remarked, "Quality in child care has become a motherhood word."[1] No one would publicly oppose such a concept, or prefer low-quality care for children. "Quality" has become a nearly universal modifier of the term "child care" whenever the need for services and funding is discussed in public and private debates. In a 1989 Harris poll, 97% of American parents cited "quality" as a top priority in child care arrangements for their children.[2] Research shows that high-quality child care is beneficial to children's growth and development, and that poor-quality child care has a negative impact.[3]

Regardless of location, the most important aspect of quality is the relationship between the child and the caregiver.

Despite well-developed knowledge about what constitutes a high-quality child care arrangement, parents' prevalent desire to find such an environment for their children, and the long-term positive effects of quality care, much of the child care in California (and throughout the United States) is of "barely adequate" quality in meeting the needs of the children served.[4] In too many child care settings, theoretical knowledge about child care quality is not being translated into optimal everyday environments for young children. Since "quality child care" is so easy to accept in theory, the challenge is to infuse both meaning and action into the term.

Defining Quality

It is widely accepted that, regardless of location, the most important aspect of quality is the relationship between the child and the caregiver. Because of the critical importance of the caregiver, the issues of securing a stable and qualified child care work force are discussed more fully in a separate chapter of this paper.

Quality child care minimally includes all of the following characteristics:

Caregivers must:

- be adults who are physically, mentally and emotionally capable of caring for children;
- understand and utilize developmentally appropriate practices;
- be sensitive and culturally aware individuals who can establish relationships and communicate with families;
- be stable and dependable;
- be adequately compensated;
- represent, together with fellow staff, a diversity of cultural backgrounds and both genders; and
- be able to communicate with children in the child's home language.

The child care program must:

- provide enough adults to care for the number of children;
- provide a safe and stimulating physical environment;
- have ample, age-appropriate equipment and supplies;
- allow for small group size, appropriate to the age of the children;
- provide age-appropriate curricula and activities;
- be able to identify special needs of children and families, and to either meet these needs or refer the family to appropriate services; and
- know and practice sound health practices, including appropriate response to emergencies.

The organization or individual administering the program must:

- have sound fiscal support;
- provide leadership and vision;
- maintain an ongoing relationship with other schools and/or child care programs;

- utilize a network of outside consultation and support for referrals, community resources, health issues, etc.; and
- be able to retain qualified staff.

This list summarizes the basic components of a high-quality child care program, and when this project convened a focus group of child care experts to discuss quality, it was not difficult to reach consensus about the list.[5] Yet such a list is deceptively subjective. For some, adjectives such as "sound," "appropriate," "adequate" and "ample" invoke the highest standards of competent practice in child development. Yet when the principles are translated into specific operating standards for child care programs, they frequently form the basis for contentious debate.

The Social Context of Providing High-Quality Child Care

Strongly held beliefs about the proper role of women, child rearing, family responsibility, and the governement's role, can create barriers to developing better-quality child care.

While research tells us that quality is the key to child care programs that benefit children, and demographics demand that attention be paid to developing child care services, strongly-held beliefs—about the proper role of women, about child rearing, about family responsibility, and about government's role—can create barriers to developing better-quality child care.

American values of individualism, family autonomy and privacy often underlie the public debate about child care. Some see regulation of the care of young children as an unwanted governmental intrusion into family life. Views on child care—as "women's work," as an "easy job," even as work that should be unpaid—affect public policy as well. Many Americans remain suspicious of child care by strangers, of "having someone else raise your kids."[6] Strongly-supported professional child development values and principles, such as fostering cooperation and using nonphysical "positive" discipline, often run counter to the values of major parts of the mainstream culture.

As a society, we have generally rejected a collective or communal view of child rearing. A widely shared mistrust of group care for young children, bolstered by a belief that children should be raised at home, serves as a major ideological backdrop to the child care quality debate.

Different Purposes/Same Families

Child care policy is often developed to accommodate the work-related needs of parents, rather than the child development needs of children. As a result, issues of quality can get ignored, informal unregulated care encouraged, and payment rates capped to make the best care in a community inaccessible to the poorest families.[7] Conversely, compensatory or enriched child development programs for poor children, such as Head Start and California's state preschool, largely ignore the full-time child care needs of working parents. Both the eligibility requirements and hours of care are so limited that working poor parents can find it difficult to access the services for their children. (Chapter IV discusses this dilemma in detail.) The skewed policy separation of children from the larger social context of family results in ineffective and uneven policies regarding the quality of child care services.

Who Makes Policy? Who Cares for Children?

Inside and outside the family, women are the primary caretakers of young children. Recognizing that most policy makers are men, and therefore have not traditionally been the caretakers of children, can help us understand why the complexity of providing and paying for quality child care has never been given the necessary attention at any level of government. Unlike quality defects in consumer products, the effects of poor-quality child care may not be readily apparent, and the long-term harm is largely invisible. Children remain politically powerless—and ignoring children's immediate needs rarely has short-term consequences for policy makers.

Unlike quality defects in consumer products, the effects of poor-quality care may not be readily apparent.

Difficulties in Confronting Shortcomings

The child care profession—the group which knows the most about quality of services—has historically resisted raising the issue of poor-quality care. The early childhood education field has often been in a defensive and tenuous position, trying to prove as a general matter that group care of young children is a positive service. During the mid-1980s, for example, tremendous media attention was focused on alleged child abuse in child care. Early childhood experts and advocates were kept busy defending the propriety of out-of-home care for children in general, rather than promoting an affirmative agenda.

Given the lack of universal acceptance of early childhood care and education, the profession is under attack from the onset. Moreover, it does not enjoy the status or clout of other professions, including other teaching professions. The role of the expert is often questioned, since many believe that parents' experience confers them equal expertise about the development and education of young children.

In addition, many early childhood academics have obtained practical experience only in high-quality college lab schools, not in the wide variety of programs where most children are in care. Thus, these professionals are sheltered from the reality of many substandard child care settings. A professional commitment to the well-being of young children makes it difficult for many practitioners to confront the existence of a vast quantity of poor child care. As a result, quality initiatives by professional organizations have focused on defining and establishing high standards that few programs currently have the resources to practice, rather than establishing incremental practical steps or a mentoring process to assist poor-quality programs in achieving better performance.

Full Cost of Quality

Undoubtedly the greatest resistance—by parents, policy makers and service providers alike—to providing high-quality services to all children stems from the difficulty of addressing the full (and expensive) cost of such care. Given the necessity of targeting public financial assistance to meet the child care costs of the poorest families, data from the National Child Care Staffing Study showed that among families using child care centers, the squeeze between cost and quality falls most heavily on middle-income families and low-income families who do not receive subsidies.[8] The National Association for the Education of Young Children has developed a public education campaign and materials to assist programs in reaching the full cost of quality.[9]

Establishing Quality in All Child Care Settings

The most common image of quality child care is of a bright preschool classroom bustling with energetic three- and four-year-olds and motivated teachers. Applying what is known about quality to a wide variety of programs serving children from infancy to middle school years requires taking additional considerations into account, and shaping a variety of services which meet the needs of families. Importantly, as an agenda for quality child care emerges, it must be sensitive to the diversity of California's families.

Providing Quality Child Care to California's Diverse Population

Demographers predict that in fewer than fourteen years, there will be no majority ethnic group in California. Fifty-four percent of the children enrolled in California public schools are students of color,[10] and 24.4% of public school students in grades kindergarten through third have limited English proficiency.[11]

Importantly, as an agenda for quality care emerges, it must be sensitive to the diversity of California's families.

Child care programs throughout California, reflecting these demographics, serve a diverse population of children. (See also Chapter I.) The ability of each child care program's staff to communicate with every family it serves is seen as a prerequisite to providing quality services to that family. Addressing family diversity—with appropriately trained caregivers, the ability to communicate with children and families, and a respect and understanding of the child's home culture—is as essential as toys and nutrition in providing quality environments for young children. Indeed, these very requirements are mandated by state law for state-subsidized child care services.[12]

Recent studies of English-language preschool for children whose home language is not English reveal troubling information about home language loss and the resulting difficulties in communication between children and their families.[13] Home language instruction in the child care setting has decided benefits for the continuity of relationships in the young child's life. Yet not all parents seek home language instruction, and a variety of options should be available to meet varying language and cultural needs. Given the changes in practice that would necessarily result from a mandate to require home language instruction in publicly-funded programs, it is not surprising that such a proposal is surrounded in controversy. Opposition comes not only from the English-only perspective, but from those who argue that the goal should be to provide integrated, multicultural settings. Administrative difficulty is often given as the reason for not implementing a greater number of home language programs. With California's large Head Start and State Preschool expansion, the issue of home language use in the preschool setting should be further researched, and appropriate policy directions initiated as a result.

The present standards and practices of the academic early childhood education field also need to be examined in light of the beliefs of various cultures regarding child development. While child development is a universal phenomenon, practices that are considered acceptable in a child care or education setting are often bound to the dominant culture. Cultural differences in expectations about children's behavior and activities sometimes lead to very different curricula and structures in child care settings. The extent to which profes-

Addressing family diversity ... is as essential as toys and nutrition in providing quality environments for young children.

sionally accepted principles and developmentally appropriate practices are "culture-bound" has yet to be assessed. Until child development standards are examined in practice in multicultural settings, consensus about quality criteria can mask a certain lack of agreement regarding specifics in curriculum or actual practice. The needs of the children and families in a child care program exist within a cultural context. Measures and mandates for quality must take into account the cultural context in which the program operates.

The very nature of caring for young children, dealing daily with the details of feeding and dressing, toileting and napping, provides many opportunities for cultural and value differences to surface. Therefore, the processes that programs undertake to deal with cultural differences and family values are vitally important. Multiculturalism cannot be addressed solely by celebrating holidays from other countries. Monolingual (non-English), bilingual and multicultural models that are working successfully must be publicized and replicated.

There are two aspects of training that need to be examined in relationship to providing quality child care services to all California families. The first is access to training for non-English-speaking teachers. The second is the inclusion of an anti-bias approach in all teacher training. This approach should encompass efforts to eliminate all types of bias, including bias based on religion, disability, sexual preference and economic difference. Training of staff should emphasize not only gaining familiarity with other cultures, but building an awareness and acknowledgment of one's own prejudices and attitudes.[14]

California currently has a wide variety of training opportunities and initiatives which will be bolstered by increased funding from the Child Care and Development Block Grant.[15] The California Child Care Professional Training Project is a plan to create an integrated system of recruitment, training and retention of child care professionals. Accessibility for non-English-speaking teachers and providers, and the development of models for bringing training to specific language groups, must be included as comprehensive plans for training develop. As career progressions are designed with a primary eye to retaining early childhood professionals in the field of early care and development, they must also be realistically assessed as entry points into the K-12 teaching profession.

The California Child Care Initiative Project, a multi-year, multi-million-dollar public-private partnership administered by the California Child Care Resource and Referral Network, is currently focusing its recruitment and training efforts on Spanish-speaking family child care providers. Family child care training materials have been translated into Spanish, and each local resource and referral agency taking part in the project has Spanish-speaking staff. As this model develops, its successes should be replicated to include other language and cultural groups.

Policy makers, in concert with the child care community and the private sector, must recognize and create additional initiatives to address the tremendous lack of support services to non-English-speaking families. For example, 76% of state-funded resource and referral services currently provide referrals to parents in at least one language in addition to English. Along with Spanish and Chinese, referrals are provided in Korean, Punjabi, Vietnamese, Hmong, Tagalog and Armenian. Yet twenty-four percent still provide referrals in English only.[16] This is only one small example of the scope of unmet language and cultural needs that must be addressed in creating quality child care services for California's children.

Recommendations

- Conduct further research on home language instruction for preschoolers and the effects of loss of home language on early learning and on family relationships.
- Translate accreditation standards and procedures for all types of care into languages other than English. Allow the accreditation process to be conducted in languages other than English.
- Translate licensing requirements and application forms into other languages.
- Recruit qualified early childhood professionals who are fluent or native speakers of languages other than English. Establish and fund either an intensive Institute or a child development "community college without walls" which conducts training in languages other than English at sites where teachers are working with children.
- Develop articulation standards to enable licensing to accept appropriate training and experience from foreign countries.
- Increase the capacity of resource and referral agencies to serve local language groups, including the capacity to translate parent education materials.
- Replicate the California Child Care Initiative Project in languages other than Spanish.
- Fund provider recruitment and training efforts targeted at ethnic and language minority communities.
- Publicize and replicate successful monolingual and bilingual programs.

When Infants and Toddlers are in Care

Despite the fact that over 50% of mothers with children under age one are in the paid work force, there exists a great deal of ambivalence about the appropriateness of group care for infants and toddlers.[17] Even though parents are returning to work when their babies are as young as six weeks old, there have been no public initiatives either in California or at the federal level to specifically provide for a greater supply of high-quality infant and toddler care.[18] Significantly, as local planning councils determined priorities for new expenditures for the Child Care and Development Block Grant, 46 out of 58 counties set services to infants and toddlers as a priority. Of those counties who did not specifically target care for this age group, infants and toddlers were included within more general priorities. California's recently-enacted family care leave legislation, which applies to employers with 50 or more employees, allows parents with more than one year of continuous service to take a total of four months of leave at the birth or adoption of a child.[19] The law applies to the approximately 70% of the work force who are employed by large employers. Adequate parental leave can help alleviate the need for infant care for the very youngest babies.

Nonfamilial care of infants is both scarce and expensive. When infants and toddlers, the most vulnerable population of children, are cared for in out-of-home settings, the importance of certain aspects of the quality of care cannot be overstated. One caregiver can adequately care for far fewer infants and toddlers than preschoolers. In California, the required staff/child ratio of one adult for four infants is barely adequate to provide minimum protections.[20] Moreover, California has no requirement limiting the group size for infants, a standard that bears a close relationship to quality.

In California, the required staff/child ratio of one adult for four infants is barely adequate to provide minimum protections.

Because very young children cannot verbalize their needs, communication between the caregiver and the family members is critical. Some experts feel that similar cultural and social values are essential, while others find that continuity of care and a harmonious relationship between the family and the caregiver, based on strong communication and respect, can bridge cultural differences. A stable caregiver is important to the well-being of infants and toddlers in care. For this population, continuity in caregiving is essential not only for the child but to support parents as they keep up with the rapid changes in the first few years of life.

Health issues need special emphasis in group care for infants. Not only are children under two more vulnerable to childhood diseases, but diapering and feeding groups of infants and toddlers presents greater opportunities for the spread of infectious disease than does the routine care of groups of toilet-trained children. Health risks to the providers of care are greater as well.[21] The need for adequate health benefits, including sick time, health insurance, worker's compensation and disability coverage are essential considerations for staff. (See also Chapter III.)

Parents faced with arranging child care for the first time rely on informal networks of family, friends, co-workers and neighbors in an effort that is often fraught with anxiety and stress.[22] Many families use relatives or license-exempt care providers to care for their infants and toddlers.[23] For parents without nearby extended family, cost and availability are important considerations in choosing where to leave children. Given the shortage of infant and toddler care, desperate parents returning to work often overlook important aspects of quality because they lack choices. A lack of knowledge about what exists and what to look for impedes good choices as well. Most users of child care resource and referral services are first-time parents, and R&R agencies must be equipped to provide in-depth consumer education to this population. It is important to expand community outreach and parent education in order to inform more parents of infants and toddlers about the support of resource and referral services and available child care choices in their area.

As mentioned above, because of parental preferences and the cost of high-quality infant centers, much of the non-familial care of infants is with both license-exempt and regulated family child care providers and in-home care providers. The small group size and informal atmosphere of a well-run family child care home can make it ideal for the care of very young children. Because these arrangements are less formal and institutional than child care centers, training and other support efforts must be tailored to meet the needs of the caregivers and the settings where they work. Given the lack of models and the need for almost individualized outreach, it is challenging but essential to create a meaningful effort to reach providers who are both individually isolated and widely dispersed throughout the community.

Recommendations

- Make paid parental leave available to parents who choose to stay at home with their children. Expand existing mandates to apply to small employers; explore thoroughly the options for funding parental leave.
- Re-examine mandated infant/toddler ratios and the need for group size requirement, particularly for this age group.
- Create a vigorous public consumer education program for new parents. This program should include outreach and information about child care options and resources in the community, as well as support to parents leaving their babies to return to work.
- Provide information and referrals about child care as part of a continuum of support to new parents.

In particular, seek innovative methods of reaching parents not immediately after childbirth, but as they are preparing to return to work.

- Provide access to adequate health training and health coverage for child care workers.
- Conduct outreach to, and provide training opportunities for, infant caregivers in small and informal settings.
- Provide training opportunities and professional support for all infant caregivers.
- Encourage employers and parents to create part-time work options to accommodate the needs of families with infants and toddlers.

The Special Case of School-Age Child Care

Child care programs for children from kindergarten to middle school are often seen as needing only an open playground and a recreation leader to be successful. When planning efforts focus on developing inexpensive and convenient programs that families will view as a viable alternative to leaving their children alone, considerations about quality are sometimes diluted.

Bureaucracies and regulatory requirements have perpetuated barriers to using "natural" sites, such as classrooms and playgrounds, for school-age child care.

Historically, a number of informal activities and recreational sites have been available for older school-age children, whether or not a parent was at home. Community services such as public libraries and parks, for example, have found themselves in the position of serving as *de facto* child care programs. But the use of such informal after-school activities as child care raises problematic program, safety and policy issues.

Effective programs for children from kindergarten to the middle school years take a variety of forms. Certain variables should affect the type and degree of regulatory oversight of the program—including the site, the ages of children served, the number of hours the children are in care, and the qualifications and skill of the staff. Because of the tremendous variety between programs, it has been difficult for advocates and policy makers to design a regulatory system that does not result in gaps or excesses, depending on one's point of view. As a result, both bureaucracies and regulatory requirements have perpetuated barriers to using "natural" sites, such as classrooms and playgrounds, for school-age child care. California's licensing law addresses these issues unevenly, through exemptions for certain types of programs and for certain requirements.[24]

While school-age children need less individual "caretaking" than younger children, standards are vitally important in order to protect the health and safety of this age group, and to provide appropriate activities and adequate supervision. The needs of the youngest children served in school-age programs—kindergartners who need care for up to seven hours a day, including snacks and naps—differ greatly from the needs of fourth and fifth graders, who may arrive at the program late in the afternoon on their own.

Several recent initiatives have synthesized the knowledge and practice in school-age child care programs and developed model quality standards and practices. Project Home Safe's School-Age Child Care Standards Initiative recently released *Quality Criteria for School-Age Child Care Programs* and *Developmentally Appropriate Practice in School-Age Child Care Programs*.[25] The School-Age Child Care Project of the Wellesley College Center for Research on Women has likewise released "ASQ: Assessing School-Age Child Care Quality," a self-assessment manual for programs seeking to measure and improve their quality. There has been little research on the actual quality of before- and after-school environments for school-age children.[26]

Recommendations

- Undertake research on actual quality in school-age child care programs.
- Conduct an independent and realistic assessment of the necessary degree of regulation of various types of school-age child care programs. Because of "turf" issues surrounding existing exemptions and requirements, such an assessment would require "wiping the slate clean" and looking at the purpose of various requirements as they apply in a variety of settings, and at various levels of licensure.
- Functionalize regulations in terms of supervision, activities, nutrition, etc.
- Maximize use of school and public recreation facilities by removing bureaucratic roadblocks and enabling collaboration.
- Include space for before- and after-school programs in the design or renovation of schools.
- Explore, publicize and replicate successful models of working with classroom teachers regarding sharing space and developing comprehensive models to serve children during nonschool hours.

In-Home, License-Exempt Care

Families have always used informal networks of family, friends and relatives to care for their children. For many families, especially with very young children, this is often the care of first choice.[27] The state has traditionally played no role in monitoring or regulating such child care arrangements, but in the last decade, these settings have been included within the array of parental choices which can now be paid for from public funds. This trend, coupled with child abuse tragedies and feature films about abusive nannies, has led to greater public and private scrutiny of the quality and credentials of in-home and license-exempt caregivers.

In 1991, California expanded a five-county pilot project for screening license-exempt child care providers into a statewide system known as TRUSTLINE.[28] Currently, the new system applies only to license-exempt child care providers who are being funded through the Child Care and Development Block Grant and those who receive payment through the state's Alternative Payment system. Should funding become available, the registry would be available to all families who choose to use this form of care.

The "nanny movement" is gaining ground as well. Efforts by independent agencies and professional caregiver organizations to credential or certify nannies have received greater public attention in recent years.

Increasingly, child care organizations and policy makers will be faced with addressing the state's proper role in types of child care that have been largely ignored in the public child care agenda until recently.

Recommendations

- Provide training and education materials and opportunities to TRUSTLINE registrants and other identified caregivers.
- Support efforts to pay a living wage to license-exempt caregivers, including adequate reimbursement rates when care is publicly funded.

Strategies to Improve Child Care Quality

Without regulation—given the shortages in supply and crisis in affordability—the child care market would be ripe for exploitation in the form of overcrowding, understaffing and inadequacy of services.

The quality of child care programs will only be improved by addressing the issue in a variety of ways, including devoting additional financial resources to assist with both supply and subsidies. What is outlined below are various avenues to improve quality which, while they are not without financial cost, address government responsibilities and professional practices which have the potential to influence the quality of child care environments. The issue of training and empowerment as a means of improving quality is addressed in Chapter III.

Child Care Standards and Their Enforcement

Child care regulation can be a dry and tedious subject, but it is arguably the most important issue in the discourse on child care quality. Only when regulation fails to prevent harm, and newspaper headlines and television news disclose trauma to young children, does the subject raise the attention it justly deserves. Regulation has everything to do with quality—how many adults are required, their ability to perform their job, the adequacy of space and equipment, and the establishment of safe and healthy operating procedures. Without regulation—given the shortages in supply and the crisis in affordability—the child care market would be ripe for exploitation in the form of greater overcrowding, understaffing and inadequacy of services. The consequences of too little regulation fall on innocent bystanders—young children themselves. This is the most compelling reason not to rely on market pressures to allow child care services to regulate themselves.

In California, child care centers and family child care homes must be licensed.[29] Licensing laws and regulations create a floor of health and safety requirements below which no program can operate legally. Requirements address physical plant adequacy and safety, staff qualifications, fingerprint screening for criminal records and child abuse history, program issues such as health and nutrition, and record keeping. Child care centers are visited annually. Family child care homes are visited prior to the issuance of a license, upon renewal and in response to complaints.[30] Categorical inclusion or exemption of program types from licensing jurisdiction provides the threshold determination of the extent to which current regulations protect children in care.

Many programs view licensing requirements as minimum standards, and operate their programs with more personnel, resources and training requirements than are required by law. Other programs use licensing standards as operating standards. Still others operate below these standards, out of compliance with the law and regulations.

Two aspects of licensing are key to its impact on quality. The first is the adequacy of the standards themselves: do they actually establish a baseline that protects the safety and well-being of children? Are they congruent with what is known about competent group care for children? The second is the ability of the state to enforce the standards that are in place. Does the state detect and respond to noncompliance in a sufficiently timely and effective way to protect children in child care settings from harm?

Level of Standards

In general, quality can be regulated only to the extent that it is observable and quantifiable. Many important aspects of quality, such as the nature of the

How Does California Compare?

How California Compares to Other States on Key Regulations	Number of States[1]	
	Yes	No
Preservice training required for teachers	19	32
Group size regulated for three-year-olds	24	27
Group size regulated for infants	28	23

Required ratios for infants	Number of States[1]
1:3	2
1:4	22
1:5 or more	26

Required ratios for 3-year-olds	Number of States[1]
1:10 or less	29
1:12	11
1:13 or more	10

Table 2–1—*How do the key child care regulations of California compare to those of other states.*

Source: Who Knows How Safe? The Status of State Efforts to Ensure Quality Child Care, *Children's Defense Fund, Washington, D.C., 1990*

[1] *Shading indicates California status*

interaction between the caregiver and the child, can only be regulated indirectly, i.e., through requirements for caregiver education and experience, and the setting of adult/child ratios. Compliance with standards may predict the quality of a child's experience in child care, but it does not measure an individual child's experience.

California regulates more of its child care, and requires better ratios and more training for teachers, than many states. For example, California requires six college units of pre-service training for teachers caring for groups of up to twelve children in child care centers, and permits one person to care for only four infants. In the area of child care regulation, a ranking above average does not necessarily mean that the state is doing enough. In many instances, California's regulatory requirements do not compare favorably with professional standards of excellence and community practice in top-quality centers. (See table 2–1.)

Setting Standards

Child care standards are set through the enactment of laws and the promulgation of regulations by the Department of Social Services.[11] A required part of the regulatory process is an opportunity for the public to provide comments on proposed regulations. California's licensing standards will be reviewed as a requirement of receiving Child Care and Development Block Grant funding.[12]

Because nearly all standards involve a cost/quality trade-off, programs on which the economic burden of higher regulation will fall are usually the most vocal in testifying at public hearings. On many occasions, both those supporting and those opposing more stringent regulations purport to speak for the parent constituency, who rarely represent themselves. Programs argue that higher standards will effectively price many parents out of the regulated child care market. Child development experts argue that

higher standards are necessary in order to protect the children's safety. With the expansion of for-profit programs, the forces in favor of less stringent regulations will no doubt strengthen.

It is relatively easy to make an accurate assessment of the increased short-term costs of raising child care standards. But if in analyzing cost/quality trade-offs, only short-term costs are considered, the long-term costs of failing to enact quality standards will continue to be ignored. The long-term costs of inadequate child care services include a personal price exacted from the children in harmful settings, as well as a societal cost as these children grow to adulthood. It is generally the latter cost that bolsters arguments for public funding of high-quality child care programs. Better standards are a necessary antecedent to making universal the positive child outcomes associated with high-quality child care and education services.

No discussion of quality can be complete without including the financial reality of high-quality care. The regulations that have the most immediate and constant effect on quality—adult/child ratios, group size and training requirements—are those that are the most costly to programs, and ultimately to parents. Given this fact, the proper conclusion is not to eschew better regulation but to seek additional ways to fund child care services in order to achieve quality.

Recommendations

- Establish a periodic review of all types of child care regulations.
- Promulgate regulations in a timely manner when they are necessary to the expansion of a particular type of service; e.g., the care of sick children.
- Develop industry standards of practice and a movement toward regulations which more closely reflect good practice and sound child development principles.
- Institute and improve standards in areas where California is lacking, e.g., pre-service or continuing education requirements for family child care providers and child care center staff, and group size requirements.
- Provide education about the regulatory process to others with expertise and interest in the well-being of children, e.g., health professionals, therapists, people working with families in crisis, and parent groups.
- Tie higher standards to increased public and private initiatives to help parents pay for care. This should include adequate reimbursement rates to purchase quality child care on the public side, and an increase in employer involvement on the private side. As a matter of policy, public money should be used as a wedge to bring standards up, not down, contrary to current federal policy initiatives.
- Continue and expand projects which analyze California's standards in relationship to professional standards and guidelines established by the National Association for the Education of Young Children (NAEYC), American Public Health Association/American Academy of Pediatrics (APHA/AAP) and American Public Welfare Association (APWA), as a way to identify gaps and excesses in current standards.
- Maintain sufficient numbers of trained staff to be able to perform licensing duties.

Enforcing Standards

Once standards are in place, they must be enforced in order to be effective. In the 1990-91 fiscal year, 202 family child care home licenses, out of a total of 49,590 licenses, and 33 child care center licenses—including five school-age child care programs and three infant centers—out of a total of 11,226 licenses, were revoked in California. Short of closing a facility, California's Department of Social Services also has the authority to compel compliance with standards.

California's licensing law contains an adequate arsenal of enforcement mechanisms. The Department has the power to respond to complaints, issue citations for noncompliance, level civil fines, and take administrative actions to deny, revoke and suspend licenses.[11] The Department also has the power to issue injunctions and temporary restraining orders to close unlicensed facilities. As with most aspects of state government, resources to adequately perform each of these functions are constantly strained.

Recent DSS efforts to enforce standards have made a subtle shift toward offering technical assistance to noncompliant programs before taking administrative action. Internal policy changes have also addressed a common complaint from licensees: the time and resources of licensing evaluators spent on picayune issues which bear little relationship to the operation of the program or to the quality of the care provided. Directives to classify citations according to their seriousness, and not to issue formal violation reports for inconsequential items, should be watched closely to determine if, in fact, enforcement efforts improve.

Recommendations

- Require thorough pre-service and in-service training of all licensing evaluators regarding compliance reviews and the levels of violations. Include training on interpersonal skills to assist evaluators in securing compliance with regulations.
- Mandate an annual review of complaints and enforcement actions as a means of helping to revise and improve standards, and to identify training needs and needed reforms.
- Clarify in law and in regulation the procedures for assessing and contesting civil penalties. Distribute this information in an easy-to-read fashion to licensees.
- Clarify the procedures for informal reviews of licensees.

Licensing as Helper

Since the California Department of Social Services and the nineteen counties with which it contracts to conduct family child care licensing have contact with all licensed child care facilities, these licensing offices have the potential to do more than enforce regulations. Many child care advocates would like to expand the role of licensing as "helper"—making programs work, and serving as a knowledgeable resource. Currently, prelicensing activities such as orientation meetings and site visits to determine compliance are the primary ways in which DSS provides "help" to programs. Some potential exists for licensing offices to use these initial contacts to provide information and training to license applicants. Expanding and improving the orientation program would connect new providers to resources in the child care field (such as the Child Care Food Program, Resource and Referral, training programs, health services, etc.) and encourage a higher quality of care. In some parts of the state, outside child care support agencies are already involved in licensing orientations. Successful innovations in licensing orientation should be replicated.

Recently, the Department has established a pilot technical support and problem resolution unit in one of its regional offices. This unit will work with chroni-

These licensing offices have the potential to do more than enforce regulations.

cally noncompliant facilities in a consultant, rather than enforcement, role. The pilot effort will work only with residential care facilities, but if it is successful it will be expanded to assist child care facilities as well.

While much technical assistance to child care programs is provided by community-based resource and referral programs, provider organizations and formal training institutions, the licensing office should have a mandate to direct both applicants and licensees to sources of training and assistance in improving program quality. The state's distribution capabilities should be used to reach all providers of care, whether or not they are connected to community resource and referral agencies.

California's child care ombudsman program, which was drastically curtailed due to budget reductions in 1991, helped maintain compliance and enhance child care quality through a variety of means. When the ombudsman position existed outside the internal licensing office hierarchy, problems and complaints brought to the attention of the ombudsman's office from providers and consumers alike could be addressed and resolved on an individual basis. When fully staffed, the ombudsman program actively advocated for providers and parents in a variety of settings.

Recommendations

- Require experience in a child care program or equivalent training in child care or development as a qualification for licensing evaluators.
- Provide appropriate training to licensing office personnel to better serve in the consultant/helping function. Separate the roles of enforcement and technical assistance as much as possible.
- Establish a procedure and mandate for licensing offices to provide more comprehensive materials to licensees, especially when new issues arise, such as caring for children with HIV, the Americans with Disabilities Act, etc.
- Fully fund and staff the child care ombudsman program.
- Mandate the distribution of information by the licensing office to applicants and licensees regarding training and support services available to them.

The Special Case of Family Child Care Regulation

The care of children in the home of the care provider is so common that it is often taken for granted. The informal manner in which many home-based providers enter into business, the small groups of children under the supervision of each licensee, and the lack of public awareness about the requirements for licensure, make family child care difficult to bring universally under a regulatory umbrella.

With the growing need for child care over the past decade, family child care has been recognized and legitimized as an important part of providing safe and healthy environments for young children. Home-based providers have become more organized, more professional and more visible. A number of private initiatives at the state and national levels to increase child care quality and availability have focused exclusively on family child care.[34] Yet it remains extremely difficult to determine how much family child care is still unregulated. While care by relatives and care for the children of only one family do not require regulation, much care that should be licensed undoubtedly is not. Mirroring apathy about child care regulation in general, parents and policy makers rarely raise concern about family child care regulation unless a crisis or tragedy occurs in such a setting.

The effective regulation of family child care is a delicate balance. The requirements must result in a situation that is safe for children, yet not be so

Mirroring apathy about child care regulation in general, parents and policy makers rarely raise concern about family child care regulation unless a crisis or tragedy occurs in such a setting.

restrictive as to cause large numbers of providers to evade the regulatory system. Ideally, the benefits of regulation (access to resources, training and customers) outweigh the drawbacks (red tape, oversight and potential increased costs). One approach to family child care regulation is to keep entry into the field relatively simple, but to institute continuing education requirements as conditions of ongoing licensure.

Over the past decade, the proposal to deregulate or "streamline" family child care has recurred frequently as a cost-saving measure for the state.[15] Registration of these homes, which would replace compliance visits with paper certification, is offered as the alternative to California's current licensing system; this argument holds that parents, who visit family child care homes daily, are the best "regulators" of care. In determining where the budget axe should fall, children who go home with their parents from family child care are considered less vulnerable than residents of facilities for the disabled or elderly, who often have little or no contact with the outside world. Fortunately, advocates have been able to maintain the current level of regulation of family child care through a unified and strong voice.

Many family child care providers, predominantly those in organized associations, fight hard and vigorously to retain their status as licensed professionals. In a state that licenses barbers and automotive repair dealers, the maintenance of a regulatory compliance mechanism for those who care for groups of young children is a baseline quality protection.

Recommendations

- Conduct research to determine more accurately how much unlicensed care exists. Determine and address barriers to participation in the regulatory system.
- Explore the development of additional incentives for licensure and publicize those that do exist. For example, license-exempt providers who are currently being paid through public funds might be interested in licensing. Eliminate any barriers to licensure, such as the lack of translated materials, and any penalties for operating without a license if a provider begins the licensing process.
- Continue and improve efforts at parent education about licensed care. Seek out the opinions of parents about licensing improvements.
- Document local laws that impede family child care, including imposition of building inspections on large family child care homes. Mount law reform efforts to streamline the local requirements.
- Examine improvements in family child care licensing by analyzing the essential requisites for running a family child care home, rather than transferring child care center regulations to the family child care setting.
- Increase technical assistance supports to all types of licensed facilities.
- Explore the possibility of imposing a continuing education requirement for family child care, making certain that it could be met in a wide variety of settings and include a variety of subjects. Continue to make it easy to enter the system, having requirements only for continued licensure.

Accreditation and Professionalization

Establishment of professionally developed accreditation standards for all types of child care facilities has been a recent professional movement to achieve and demonstrate quality in all types of child care programs. By meeting professionally established standards, programs exhibit a higher level of quality. With greater information about accreditation standards, consumers potentially have an objective measure of high quality to assist them in choosing care. Currently, accreditation standards have been achieved by such a small percentage of programs, however, that the consumer education aspect cannot be measured. If, as in other professional fields, accreditation grows and becomes a widely used measure of high quality, its usefulness will obviously be increased.

With greater information about accreditation standards, consumers potentially have an objective measure of high quality to assist them in choosing care.

Family Child Care

In recent years, a national program of accrediting family child care homes has been established by the National Association for Family Day Care (NAFDC).[56] There are currently only 34 accredited family child care providers in California out of 44,000 licensed facilities. The purpose of the NAFDC accreditation is to improve the quality of care, upgrade the image of family child care, increase the caregiver's sense of professionalism and positive self-image, and give parents guidance in judging care. For providers, the process is seen as self-validating. Family child care participants have said the following about accreditation: "It provides a way to measure whether your own practices have validity in the larger world of child care," and "It is a beginning point for education."[57] The Family-to-Family Project, a multi-year, multi-site effort to increase the quality of family child care, is using accreditation in many communities to achieve and measure improvement.[58]

Child Care Centers

National accreditation standards for child care centers have been developed by the National Association for the Education of Young Children (NAEYC), the largest and foremost early childhood education association in the country. These standards are widely accepted as indicators of high quality. The accreditation process, as well as the attainment of the accreditation standard, helps programs institutionalize aspects of their operation that make an ongoing commitment to quality likely. There are currently 209 NAEYC-accredited child care centers in California, out of 11,226 licensed centers. The process is costly and time-consuming for programs to undertake, and until it becomes more widely utilized, it is of limited usefulness to the vast majority of child care consumers.

In California, the Professional Association for Childhood Education (PACE), an association of private proprietary child care centers, does not currently have its own accreditation standards, but conducts a self and peer evaluation as a prerequisite to membership. The National Child Care Association, a nationwide association of for-profit child care centers, currently has a teacher training program credential, and has just completed field testing of its Early Childhood Program Accreditation process, which it plans to launch in 1993.

Accreditation as Consumer Education

A single, professionally accepted accreditation process has the potential of offering consumers assistance and guidance in making informed child care choices. But the proliferation of various accreditation standards seriously undermines the consumer-education purpose of accreditation efforts. The consumer would need to be able to distinguish between various "seals of approval." Even with efforts to distinguish between vari-

ous accreditation programs, the purposes of helping parents select child care in a more informed manner would be thwarted.

In order for the movement for accreditation to have an impact on parents' choice of quality child care, it will not only need to become unified, but also more widely used and publicized more directly to child care consumers.

Recommendations

- Establish independent validity for accreditation standards, as well as for the process by which they are applied, in order to make them more truly effective as an indicator of quality and a form of consumer education.
- Abandon multiple accreditation standards, and increase efforts to unify child care service providers behind a single set of standards which can be conveyed to the public.
- Improve access to accreditation for all program types, through financial and technical assistance to help programs reach compliance.
- Make standards and processes for all accreditation programs available in Spanish and other languages.
- Explore providing financial incentives, such as increased public reimbursement rates, to accredited programs.

Payment Rates and Quality: Using Public Funding to Improve Quality

Public subsidies can have a positive effect on the quality of child care programs in several ways: by paying only for care that meets quality standards, by paying more for programs that are of higher quality, and/or by paying rates that allow consumers to choose high-quality care. Historically, California's state-subsidized child care system has required contracted programs to meet funding standards that impose more stringent requirements than those required for licensure. These standards[39] require programs to have more highly trained staff, to maintain better adult/child ratios, to provide a developmentally appropriate curriculum, and to offer support services to families. Requiring higher standards of publicly-funded programs has helped to ensure that these programs have adequate resources to serve the children in their care. Demonstrated compliance with these standards provides accountability to legal mandates, which include "to provide a comprehensive, coordinated and cost-effective system of child care and development services for children to age 14 and their parents, including a full range of supervision, health and support services through full- and part-time programs."[40] Similarly, Head Start requires services and program components which are not necessarily part of an average child care program.[41]

Throughout the 1980s and the early 1990s there have been repeated efforts to lower California's funding standards in order to serve a greater number of children.[42] The current trend in child care funding at both the state and national levels is away from funding standards and their concomitant quality requirements, and toward a market-driven funding system. The best examples of this are California's GAIN program and the final regulations for all federal Title IV-A child care.[43] The GAIN program currently provides for reimbursement

for child care services which fall within a 1.5 standard deviation from the mean cost of care in a particular region. This formula sets the most generous "reimbursement ceiling," which includes care below the 93rd percentile of the market rate of all care. The federal regulations for all Title IV-A funding limit reimbursement to a ceiling at the 75th percentile of the market rate for various types of care—meaning that the most costly 25% of all care would not be available to the poorest families in the state. Federal policy is pervasive in its efforts to limit access to the most expensive programs through the market rate ceiling mechanism.

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There are several pitfalls in relying solely on "market rates" for determining public child care funding levels. First, if the reimbursement ceiling does not allow the most expensive 25% of care to be purchased with state money, it is highly unlikely that eligible families will have access to many of the top-quality programs in a community. Second, a survey of what programs charge parents does not include all of the program costs that are achieved by the donation of in-kind services and goods, the fundraising efforts of families, and the institutional support that some programs receive. These costs of high-quality care are not accounted for in determining program charges. Third, the imposition of program standards for state funding is undermined, and the ability of programs to provide additional or enriched services to families with special needs is threatened, if funding standards are totally eliminated. Last of all, the child care market is itself depressed due to the low wages of child care providers. Any attempts to raise wages by raising reimbursement rates are curtailed by the practice of basing rates on current charges. In sum, should reimbursement ceilings become the norm for public funding, the poor—including parents, providers and programs—will stay poor. (See also Chapters IV and V.)

Using public dollars to purchase top-quality care has been embraced in the studies of the Perry Preschool project, as well as in the extrapolation of that study to justify increases in Head Start programs and the initiation and expansion of education for four-year-olds. On a dollar-for-dollar basis, Head Start is the costliest but most politically popular of all federal child care programs. The political willingness to spend adequate dollars on compensatory preschool to four-year-olds should be applied to child care programs for children of all ages.

Recommendations

- Undertake definitive studies of the quality of child care in state-funded programs, compared to the quality of programs operated under other public or private auspices.
- Conduct longitudinal and follow-up studies to demonstrate outcomes from high-quality state-funded programs.
- Use widespread acceptance of the enriched Head Start program to advocate for similar provisions in other publicly-funded child care programs. Break down the barrier between part-day enriched preschool and full-day child care in terms of publicly funding adequate quality.
- Follow families in subsidy programs who are using various forms of child care, to determine whether high-quality services lead to greater stability for themselves and their children.
- Conduct further research regarding child care choices, payment rates, and success in GAIN and other work-and-training programs.

Support and Supplements to Programs

A variety of public and private efforts support child care programs with both goods and services—for example, offering in-kind rent, donated supplies, food program reimbursements and volunteer assistance. Such efforts also enrich programs by allowing them to devote scarce resources to other program aspects directly addressing quality—e.g., hiring additional staff, improving salaries and benefits, and providing training.

Resource and Referral Services

Comprehensive child care resource and referral (R&R) services have tremendous potential to influence and improve the quality of child care services in the communities where they are located. At least one state-funded child care R&R agency is located in each California county, and all California families potentially have access to their services for free. These agencies provide a variety of services mandated by statute, and often undertake a multitude of additional roles as a focal point for child care information and advocacy in their communities.

Resource and referral services have tremendous potential to influence and improve the quality of child care services in the communities where they are located.

Because resource and referral agencies originated as grassroots efforts by parents who were seeking child care solutions, and evolved into comprehensive child care support agencies, they currently operate under a wide variety of auspices. Their commonality comes from the legal requirements for state funding and their participation and membership in the statewide California Child Care Resource and Referral Network, a nonprofit membership organization with a broad-based mission to support R&R services.

But while equally available in all California counties, resource and referral agencies are not equally effective throughout the state. There are no formal mechanisms, short of nonrenewal of a state contract, to either mandate or measure the effectiveness of these agencies in a community. As R&R agencies continue to grow in scope and influence, methods to require accountability must be developed.

Resource and referral agencies can impact child care quality in four significant ways:

1. Educating parents about child care

Through individual contact with parents, as well as through the development of written materials and media coverage, R&R agencies are a vital source of consumer education about child care. Many parents calling for referrals are first-time users of child care, and a knowledgeable referral counselor can be very influential in giving such parents information about what to look for in child care settings, the types of care that are available, and what kinds of questions to ask, in addition to the names and addresses of local programs. Since parents have little contact with child care programs before they become users, the R&R's role in providing consumer education is critically important. This role could be expanded by reaching greater numbers of language groups within a community, and by renewed efforts to take consumer information to where parents are located. A majority of parents still find their child care arrangements through informal family, church and neighborhood networks. R&R agencies should seek innovative ways to reach parents with high-quality information about child care choices.

2. Providing training, technical assistance and support to programs and sare providers

By conducting and hosting training workshops for child care providers on a wide range of practical subjects, such as CPR, first aid, business and tax issues, and child abuse prevention, resource and referral agencies enhance quality by enhancing provider skills. By assisting new providers with the licensing process, and by trouble-shooting when pro-

viders have problems with local bureaucracies, resource and referral agencies help increase the numbers of regulated providers in their communities. While regulation *per se* does not necessarily improve a program's quality, providers who are operating within the known bounds of regulatory requirements can be reached more easily with other forms of support and technical assistance. (See also Chapter I.)

3. *Maintaining referral and complaint policies that screen out unsafe care*

California R&R agencies are required by regulation to have a complaint procedure which outlines how the agency will respond to complaints they receive about child care providers and programs.[44] There have been instances in which substandard programs were not closed through the licensing revocation process but have been removed from the referral files of the local resource and referral agency. Each agency has a formal written process in place for taking such an action against a provider.

A fair and equitable complaint process can have the effect of taking a stand against poor-quality care and chronic violations of licensing requirements.

A fair and equitable complaint process can have the effect of taking a stand against poor-quality care and chronic violations of licensing requirements. It sends a message to the providers of child care that chronic noncompliance exacts a price. While lack of referrals does not mean the end of business to a program, it certainly is a sanction that can have an economic effect.

But it is often asked, why not just make "quality referrals?" Many parents call R&R agencies looking for the "best" child care center in their region, and would like the referral agency to screen programs for them and recommend which ones to choose. Publicly-funded resource and referral agencies in California have avoided that role for the following reasons:

- Resource and referral agencies were founded on a strong belief in parental choice—i.e., that social, economic, cultural and personality differences best dictate which type of care is preferable for a particular family.
- State funding requirements mandate that resource and referral agencies refer to all licensed programs.
- In the process of supporting and building child care supply, it is important to assist all programs in improving their quality.

4. *Advocating for child care resources and subsidies for families*

The collection of statistical and anecdotal data about the demand and supply of child care in California's communities is the most important planning and advocacy tool that resource and referral agencies possess. Strategic use of this information in an advocacy setting can bolster local, state and national efforts to increase quality child care choices for parents. Resource and referral agencies should be supported in collecting and disseminating this important information in efforts to improve child care quality. (See Appendix D, "Data Collection.")

Recommendations

- Establish community outreach efforts—taking information and services to sites where parents can be found and at times when they are in need of information—as a priority for resource and referral expansion.
- Develop additional support for the core function of resource and referral—providing information to parents—so that the quality of services to parents can be maintained and expanded.
- Enforce performance standards for resource and referral agencies. The funding agency, the California Department of Education, should hire personnel with the capacity

to offer technical assistance to poorly performing agencies and follow up on noted deficiencies.

- Develop a system to receive and follow up on community and consumer complaints about state-funded R&R agencies.

Child Care Food Program

The federally-funded Child Care Food Program reaches thousands of family child care programs and child care centers in California. Families in child care centers must be income-eligible in order for the center to receive reimbursements. Family child care homes can receive food program subsidies regardless of the incomes of the families served. Participation in the program assures high-quality nutritious meals for the children in care. Nutrition education is also an important by-product for the programs and for the children served. Food program requirements include a number of monitoring visits which can form the basis for providing technical assistance, support and oversight of the program in a positive manner.

Participation in the food program assures high–quality nutritious meals for the children in care.

Health Training and Resources

Sound health practices in child care settings are a critical component of program quality. New requirements enacted in 1992 will require that personnel of child care centers and family child care homes have health training as a condition of licensure, beginning on January 1, 1995.[45] The training must include four hours of pediatric CPR, eight hours of pediatric first aid, and three hours in preventative health practices, including one of the following: control of infectious diseases, including immunizations; training in childhood injury prevention; sanitary food handling; nutrition; and emergency preparedness and evacuation. When fully implemented, these requirements will improve the skill levels of child care providers in all types of licensed settings. A recently enacted requirement prohibits family child care providers from unconditionally admitting a child who has not received required immunizations.

The Americans with Disabilities Act requires child care programs, as public accommodations, to provide access to services to disabled children and their families. These new requirements will need to be met with increased training of child care programs, and an examination of licensing requirements, in light of the mandates for increased access.

Recommendations

- Assess the current availability of mandated health training components, e.g., First Aid and CPR, in all California counties. Develop a comprehensive plan to provide resources and financial assistance to guarantee that all providers and programs have the ability to meet the health training requirements.
- Send informational materials to all family child care providers regarding immunization requirements, including suggestions for public health resources for low-income families. Publicize the need for immunizations in family child care settings at health fairs and in public health clinics. Involve the American Academy of Pediatrics in this effort.
- Continue support for efforts, such as the Health Standards Project, which examine current licensing regulations in relation to model requirements.
- Provide information and support for child care programs regarding serving children with special needs and the requirements of the Americans with Disabilities Act.

Until the middle-class parents really feel the pressure of paying for quality care, policy makers will continue to be shielded from the urgency of providing the best we know how to provide for California's children.

Parents' Role

Parents should be natural allies of child care advocates and child care programs in the quest to improve the quality of care for all children. Motivated by an interest in their children's well-being, parents could potentially form a strong and active constituency to influence public policy and public opinion about the need for top-quality services for young children. Moreover, parental involvement in their child's program is an important hallmark of quality.

Throughout California, there are continuing efforts by parents to find and create quality child care. As mentioned above, the child care resource and referral movement was born from parent activism. Parent co-op nursery schools have been a viable and cost-effective form of child care for the past fifty years. The Parent Services Project is a highly successful model of using child care programs as a natural site to develop additional services to families. Parents continue to create shared care, playgroups and other forms of care to meet the needs of their families.

Despite this level of parent involvement in many quarters, parents are rarely represented as an independent constituency in public policy forums addressing child care. There is no child care equivalent of the P.T.A. The reasons there is a limited "parent voice" in child care debates include:

- Parents have a transitory involvement in the child care system, and are using services at a time when their lives are typically most hectic and stressful.
- Although considerable public benefits flow to middle-class parents through tax credits for dependent care and the growing use of employer-initiated dependent care assistance plans, public policy supporting child care is most often viewed as benefitting only the poor or families on welfare.
- From the perspective of some child care advocates, parents have been sheltered from the true cost of child care and the from the extreme difficulty in many areas of recruiting and retaining qualified staff. Until they realize the precarious nature of the services they are receiving, many parents are not motivated to become child care advocates.
- Few efforts have been made to mobilize parents as an active constituency. Because child care advocates have not generally called for universal measures such as high-quality preschool care for all children, there has rarely been a cause in which all parents see a potential benefit.

Individual child care programs and resource and referral agencies have an important role to play in educating parents. As R&R agencies counsel parents about choosing child care, they can also supply information about the costs of care and the reasons for these costs. Child care programs need to market themselves in a way that shows parents more clearly what they are paying for. Many believe that until middle-class parents really feel the pressure of paying for quality care, policy makers will continue to be shielded from the urgency of providing the best we know how to provide for California's children.

Recommendations

- Examine what motivates parents to become active in creating and supporting quality child care.
- Urge employers to offer flex-time or paid time off to allow parents to be involved in their children's child care programs.
- Replicate and fund parent support models of child care, such as the Parent Services Project.
- Use the popular media to publicize positive outcomes for children and families using high-quality child care.

- Examine the usefulness of the required parent advisory committee in state-contracted programs, and explore the possibility of instituting such a requirement for all child care centers.

Conclusion

Parental choice and involvement, adequate financial resources, regulatory requirements, and program purpose and mission all play a part in the quality of care in a particular child care setting. Still, the quality of a child's experience in care is determined largely by the competency and continuity of the caregiver. (See also Chapter III.)

While every parent and policy maker desires high quality in child care programs, those who have found such quality still consider themselves lucky. A commitment to child care must involve a commitment to quality for all of our children. As places where more and more children spend a great part of their preschool years, all types of child care settings should be safe havens where children's potential is nurtured, respected and safeguarded.

Good child care is a tremendous support for families. It teaches both children and parents, it strengthens the family, and it soothes and heals traumas and shortcomings in the larger world. Whether children come to child care to receive compensatory education or a socialization experience, and whether their parents are working, in school or at home, or are rich or poor, we are failing *all* children when we continue to ignore what we know about how they thrive and learn in their precious early years, and when we accept and perpetuate mediocrity in the settings where they are cared for.

End Notes

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[4] *Who Cares for America's Children?*, Hayes *et al.*, editors (Washington, DC: 1990).

[5] This list was discussed and agreed upon by the participants in the Focus Group on Quality for this project, September 14, 1990.

[6] Caroline Zinsser, *Born and Raised in East Urban* (New York: January 1990).

[7] 42 U.S.C. §602 *et seq.*; 45 C.F.R. §233 *et seq.*; and California Welfare and Institutions Code §11320 *et seq.*

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[11] California Department of Education, *1990 Language Census Report for California Public Schools*, reprinted in Eric Mar, above.

[12] California Education Code §8203(c).

[13] Lily Wong Fillmore, "When Learning a Second Language Means Losing the First," *Early Childhood Research Quarterly* 6 (1991), 323-346.

[14] Louise Derman-Sparks and the ABC Task Force, *Anti-Bias Curriculum: Tools for Empowering Young Children* (Washington, DC: 1989).

[15] California Education Code §8206 *et seq.* California state plan for the implementation of the Child Care and Development Block Grant.

[16] Jan Brown *et al.*, *Training for Child Care Referral Counselors: Issues and Needs* (San Francisco: 1990).

[17] Jay Belsky, "Infant Day Care: A Cause for Concern?" *Zero to Three: Bulletin of The National Center for Clinical Infant Programs* VI, no. 5 (September 1986); and Penelope Leach, "Day Care Centers Are Fine For Preschoolers, But What About Babies?" *Parenting* (June/July 1991), 60-63.

[18] By contrast, the California legislature passed a major school-age child care initiative in 1985, the School Age Community Child Care Services Act, Education Code §8460, *et seq.*

[19] California Government Code §12945.2.

[20] California Code of Regulations, Title 22, R. 101316.5, and Title 5, R. 18290. California Education Code §8288.

[21] *Caring for Our Children—National Health and Safety Performance Standards: Guidelines for Out-of-Home Child Care Programs* (Ann Arbor, MI: 1992).

[22] *Choosing Quality Child Care: A Qualitative Study Conducted in Houston, Hartford, West Palm Beach, Charlotte, Alameda, Los Angeles, Salem and Minneapolis* (New York: January 1992).

[23] Jonathan R. Veum *et al.*, "Child Care: Arrangements and Costs," *Monthly Labor Review* (October 1992): 10-17.

[24] California Health and Safety Code §§1596.792 and 1596.806.

[25] Project Home Safe, the American Home Economics Association, Alexandria, Virginia. Funded by Whirlpool Foundation, Project Home Safe is a national education and advocacy program promoting community-based solutions to the problem of school-age children at home alone.

[26] Carollee Howes, Ph.D., Associate Professor of Education, University of California, Los Angeles, communication with the author, June 12, 1991.

[27] Caroline Zinsser, *Born and Raised in East Urban*; Anne Mitchell *et al.*, *Child Care Choices, Consumer Education and Low Income Families* (New York: 1991); and Toni Porter, *Just Like Any Parent: The Child Care Choices of Welfare Mothers in New Jersey* (New York: 1991).

[28] California Education Code §8180.

[29] California Health and Safety Code §1596.71; California Code of Regulations, Title 22, R. 101151.

[30] California Code of Regulations, Title 22, R. 101151 *et seq.*

[31] California Government Code §11342 *et seq.*

[32] §652E (a)(2) of the Child Care and Development Block Grant of 1990, 42 U.S.C. 9858; California Education Code §8206 *et seq.*

[33] California Health & Safety Code §§1596.853 *et seq.*

[34] For example, the California Child Care Initiative, sponsored by a consortium of over 150 public and private funders; the Family-to-Family program, sponsored by Mervyn's and Target stores and the Dayton-Hudson Foundation; and the National Council of Jewish Women's Family Day Care Project.

[35] The Governor's budgets in 1990 and 1991 contained proposals to eliminate pre-licensure visits and to change the licensing system into a registration system for family day care. Such a cost-cutting measure was briefly raised again in the protracted budget negotiations during 1992, but was countered by a proposal for fees, which passed. A similar proposal was advanced in 1983.

[36] Kathy Modigliani, *Assessing the Quality of Family Child Care* (New York: 1990).

[37] Comments of a family day care provider at the Child Care Law Center's focus group on quality, 1990.

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[39] California Code of Regulations, Title 5, §§18274, 18290, 18272 and 18277.

[40] California Education Code §8201.

[41] 42 U.S.C.A. 9801 *et seq.*

[42] Proposed in the governor's budgets for FY 1991 and FY 1992-93, and was proposed, but deleted from, SB 1811 in 1992.

[43] 42 U.S.C. §602 *et seq.*; 45 C.F.R. §233 *et seq.*; California Welfare and Institutional Code §11320 *et seq.*

[44] California Code of Regulations, Title 5, §18247.

[45] Health and Safety Code §1596.866 (added by AB 962, Ch. 35 Stats of 1992).

Chapter Three

A Crisis in the Child Care Work Force

An owner/director of a child care center in a rural California community recently closed the program after twelve years of operation. With each succeeding year she had found it harder to recruit and retain teachers. She knew that she would be able to keep her staff if she could raise salaries, but she also knew that this would require her to raise her fees beyond what she thought most families could afford. With high staff turnover, the quality of her program began declining. Finally, she felt that she could not, in good conscience, continue to run a center that wasn't providing the best care for children.

A family living outside Los Angeles reported that by their child's second birthday, he had been in the care of seven different providers; the most stable arrangement had lasted only four months. The parents of a four-year-old enrolled in a child care center reported that their daughter's classroom had three head teachers in the past year; the longest that any of the teachers had stayed was six months.

Last year, one of the oldest publicly–funded child care centers in San Francisco lost two teachers. Both had college degrees in early childhood education and more than ten years' experience in teaching, and both left the center to take jobs in another field. One became a receptionist for an insurance company, where she could earn enough to pay the cost of child care for her own child; the other took a job with the post office because it had a retirement plan, an option she knew would never be available to her at the child care center.

Introduction

These stories are not isolated or unusual incidents; they reflect an alarmingly accurate picture of child care today. A severe shortage of trained and experienced child care teachers and providers threatens the foundation of our child care system. Child care programs experience long-term staff vacancies, have an increasingly difficult time finding qualified staff, and are often unable to offer consistent or stable care because of disturbingly high staff turnover. A high percentage of family child care providers leaves the field each year as well.

A severe shortage of trained and experienced child care teachers and providers threatens the foundation of our child care system.

The consequences of this work force crisis are evident throughout the child care system. As the above stories indicate, staff shortages and high turnover affect the quality, availability and affordability of child care.

In a free-market economy, an industry faced with a labor shortage generally responds by paying workers more and providing incentives for people to become trained in that occupation. Why, then, have market forces in the child care field not found their own remedy? When the electronics industry needed more engineers, for example, salaries increased and universities launched intensive recruitment drives for engineering students. In the child care field, the reverse has been true: in the decade from the late 1970s to the late 1980s, while the numbers of child care programs grew dramatically, child care salaries actually declined.

To understand this dilemma, it is important to understand some of the unique features of child care as a service industry. Child care is very labor-intensive: in centers, personnel costs easily make up the largest portion of the program budget. The National Child Care Staffing Study found that, on average, centers spent 70% of their budgets on personnel, and that between 41 and 63% of budgets went to teaching staff alone—not including administrative, janitorial or kitchen staff.[1]

Because personnel costs already account for such a high percentage of overall program budgets, an improvement in staff compensation would almost certainly require an increase in child care costs—and with the exception of publicly-funded programs, any such increase would have to come primarily from parents' fees. But despite increasing public policy attention to child care, government funding as a proportion of total center revenues declined from 29% to 18% in the decade between 1977 and 1988, and during the same period, parent fees remained the major source of revenue, increasing from 70% to 77%.[2] The implementation of the federal Child Care and Development Block Grant in 1991 will begin to reverse these figures again, but more assistance will be needed in terms of extending eligibility for public subsidy and increasing child care tax credits.

The average family with children under the age of five spends about ten percent of its income on child care. Among low- and moderate-income families, the percentage is often substantially higher. A recent study confirms that single mothers and low-income families who pay for child care spent a substantially greater share of their income on child care than did two-parent or non-poor families. Families with annual incomes under $15,000 who paid for any form of care spent as much as 23% of their income on it. In contrast, families with annual incomes of $50,000 or more paid only about six percent.[3]

Heavy reliance on parent fees as a source of revenue places an unusual burden on child care centers and family child care providers alike. The relationship between provider and consumer is unbuffered; on the positive side, this

Centers and family child care homes often avoid raising fees, even to the detriment of their staff and program.

promotes direct communication about the needs and development of the children, but also makes it exceedingly difficult for providers to demand an increase in fees. Both center directors and home-based providers worry that an increase in fees may upset their relationships with families and, as a result, negatively affect their ability to provide a nurturing environment for children. Not surprisingly, since they are often intimately aware of families' needs, they are also concerned that a fee increase will be unmanageable, requiring families to withdraw their children. As a consequence, centers and family child care homes often avoid raising fees, even to the detriment of their staff and program.

Unfortunately, this reticence shields parents from understanding the true costs of quality child care, and has kept parents largely unmotivated to become active allies in the effort to overcome the work force crisis.

When calculating how much parents can afford to pay for child care, we confront yet another social and economic barrier. Unlike food or housing, child care is a necessity that has not traditionally been paid for; until recent years, it was provided for the most part by female members of a household without an exchange of money. Child care expenses are largely new to this generation and to our overall economy, and when a family calculates what it can afford to pay for child care, the figure is still measured most often against the earnings of the mother, i.e., whether it is "worth it" for her to work outside the home. Since women's earnings are still only 71% of men's, this calculation further depresses the notion of what is affordable.[4]

Even as child care has moved from unpaid to paid labor, it remains a female-dominated occupation. As with most "women's work," its worth is undervalued. Additionally, the nature of the work is considered to be unskilled because it resembles the tasks of homemaking and parenting.

The traditional isolation of the child care work force—with most teachers and providers working in separate programs, and not self-identified as part of a larger work force—creates yet another barrier to change. The lack of consistent training practices or professional standards—coupled with inadequate pay, low social status and high turnover—leaves many teachers and providers with little sense of identity or investment in their professional field.

As with most "women's work," its (child care's) worth is undervalued.

Moreover, most teachers and providers do not belong to a professional association. According to the National Child Care Staffing Study, only 14% of teaching staff belonged to a child care-related professional group, and only four percent were represented by a labor union, despite evidence that child care staff who belong to unions receive above-average pay and benefits.[5] Even for those belonging to professional organizations, such groups—including the largest, the National Association for the Education of Young Children—have only recently begun to address the economic concerns of their members, and some remain reluctant to actively advocate for better compensation.

Impact on Quality

The most serious repercussions of inadequate staff training and high staff turnover are expressed in the social and cognitive development of children—and these consequences may not be evident for years.

Inadequate compensation and insufficient training not only make child care staff jobs more difficult, they have also been found to result in poor quality care for children. The National Child Care Staffing Study found a significant relationship between the wages and working conditions of child care center staff and the quality of care children were receiving. In examining the variables within the adult work environment of a center, wages combined with benefits (particularly health benefits) were found to be the most important predictors of the child development environment. These findings suggest that when centers provide better compensation for staff and create better working conditions, the quality of care is also enhanced.[6] In particular, the study found that children attending lower-quality centers with higher staff turnover were less competent in language and social development.[7]

When these findings are examined in light of California's child care regulatory system, it is clear that diminishing teacher qualifications in this state would seriously compromise the quality of care. Teachers meeting the more stringent training qualifications required for state-subsidized programs[8] are better able to provide appropriate caregiving to infants and toddlers and to provide the most developmentally appropriate activities to children of all ages. Teachers who meet basic licensing requirements, or have the children's center instructional permit required for subsidized programs, are more sensitive, less harsh, and less detached than teachers who meet neither set of standards.[9]

Much attention has been drawn to the immediate problems associated with an inadequate child care system, such as lack of availability to consumers, or the possibility of child abuse and neglect. Staffing shortages exacerbate both of these problems and add new concerns about the well-being of children in care. The most serious repercussions of inadequate staff training and high staff turnover are expressed in the social and cognitive development of children—and these consequences may not be evident for many years. Because they are not immediately apparent or measurable, it is often easier to ignore these concerns and to focus attention on issues that manifest more urgent symptoms.

Impact on Availability

A common complaint of center directors is that ... they are forced to hire people whom they would not consider qualified.

The child care work force crisis has had a profound impact on the availability of child care. No matter how many public and private resources are allocated to new facilities, child care will not become more available without trained and qualified people to staff these programs.

This fact becomes most dramatically evident whenever a child care center or home is forced to close. But there are also numerous reports of programs that cannot enroll children to their capacity because they are understaffed, others operating with staff who are not sufficiently qualified for the positions they hold, and still others that are fully enrolled but understaffed.

Teachers frequently note (though not necessarily through the official licensing complaint process) that they are asked or forced to work with more children than licensing allows. This can range from one or two extra children to twice the permitted number. One teacher recently described arriv-

ing at a center as a substitute when a roomful of four-year-olds was napping. As they began to wake up, she was left alone to supervise thirty-three boisterous children whom she had never met before.[10]

A common complaint of center directors is that, after lengthy staff vacancies, they are forced to hire people whom they normally would not consider qualified. These hidden consequences of the staffing crisis may be harder to identify or measure than others, but they undermine the overall child care delivery system just as seriously.

Compensation

Child care teachers earn less than half the salaries of comparably educated women in other occupations, and less than one–third the salaries of comparably educated men.

In 1989, the National Child Care Staffing Study revealed a nationwide average wage of $5.35/hour for teaching staff in child care centers. Since staff are typically paid for 35 hours per week, this translates into annual earnings of only $9,737. The study found that, when adjusted for inflation, earnings had declined by more than 20% during the past decade.[11] These findings were confirmed more recently in a report for the U.S. Department of Education, which found that real earnings for child care teachers and family child care providers had decreased by nearly 25% since the mid-1970s.[12]

Child care teachers earn less than half the salaries of comparably educated women in other occupations, and less than one-third the salaries of comparably educated men.[13] Further, these meager earnings are generally not supplemented with benefits. Only one out of three teachers has a health insurance benefit partially or fully paid by the employer. Fewer than 20% have retirement benefits, and only one-third receive annual cost-of-living increases. Even among full-time staff, only 75% receive paid holidays and vacation time.[14]

Research findings indicate similar problems in California. Salary surveys conducted by the Child Care Employee Project in 1991 in Sacramento and San Mateo Counties revealed starting hourly wages for teachers in those counties of $6.35 and $7.35 respectively. For assistant teachers, wages were $5.03 and $5.80 per hour. Perhaps these surveys' most disturbing finding arose from a comparison of salaries in 1988 and 1991: over this three-year period, when adjusted for inflation, average starting wages for teachers in San Mateo County decreased by 24.5%.[15]

Unlike center staff, family child care providers are generally self-employed. The 1990 average income of regulated providers, before expenses, was $11,000. Deducting overhead expenses of food and utilities means that the average provider nets about $8,000 per year. Except for the small fraction who work for employers or family child care systems, most providers do not have even the most basic medical insurance unless they are covered by their spouses' policies.[16] The average earnings cited above were calculated using a national sample, and no good data exists on earnings of family child care providers in California. Simple logic tells us that a typical family child care provider works far more hours than the standard eight-hour day of her client families. It appears that 45-50 hour weeks are the norm for family child care providers.[17]

While training and recruitment are necessary to build a qualified child care work force, trained teachers and providers will not stay in the field without improved compensation. Current pay levels are so low that staff are often forced to look for other work, most often outside the child care field. Because of the diversity of the child care work force

in terms of entry-level education and skills, it is especially important to retain workers with advanced levels of education and experience.

Because staff compensation is the largest cost for most child care programs, improved salaries and benefits will require a redefinition of the true cost of child care. While some programs may be able to improve compensation by readjusting their budgets, most will need to raise their tuition in order to cover this additional cost. Sliding fee scales can be used to charge upper-income parents the full cost of care, and scholarship programs can be created. Tuition increases should be tied to salary increases, and parents should be informed of this direct correlation. Yet most parents will only be able to pay additional fees if they are also supported by tax relief and other public policy strategies outlined below. Expanded sources of funding must be found to shift the subsidy of low-income parents from caregivers to the public sector. Thus, a significant improvement in child care compensation will require the collaboration of individual child care programs, parents and policy makers.

Expanded sources of funding must be found to shift the subsidy of low–income parents from caregivers to the public sector.

In an effort to address the severe need for improved staff compensation, several states since 1985 have adopted child care salary enhancement legislation. At the federal level, the Child Care and Development Block Grant (CCDBG), passed in December 1990, identified improving compensation as a legitimate quality enhancement activity. While funds available for quality enhancement were severely constrained by federal regulation,[18] the CCDBG planning and implementation process produced staff salary initiatives in some twenty states, ranging from modest to comprehensive. Approaches have included raising child care provider reimbursement rates, developing grants and awards programs, securing health and other benefits, and linking training efforts with better compensation. Generally when this kind of legislation has been enacted, there have been immediate payoffs in terms of reduced staff turnover. Unless the salary funds are continued and made part of the permanent child care funding stream, however, they may offer only short-term improvement.[19]

In other recent federal action, the 1990 Head Start Reauthorization Act legislated a staff salary set-aside for current and subsequent allocations, and within Military Child Care programs, the "Caregiver Personnel Pay Plan" firmly linked training and compensation in a successful attempt to stabilize the work force serving military families.

At the same time, a new commitment to solving the child care compensation crisis is also growing among child care teachers and family child care providers themselves. In November 1991, a five-year grassroots effort got under way to empower child care workers to challenge and solve the staffing crisis: the nationwide Worthy Wage Campaign. This movement seeks to overcome the isolation of the work force, to empower teachers and providers to speak on their own behalf, and to make an impact on public policy.

The Campaign's kickoff event was the first annual "Worthy Wage Day," April 9, 1992, when teachers and providers staged a wide variety of actions in 32 states. The Campaign is an outgrowth of the Child Care Employee Caucus—a group of members of NAEYC (the National Association for the Education of Young Children), the major professional organization in the early childhood field. This caucus has been focusing attention within NAEYC on staff wages and working conditions for the past ten years. The campaign was particularly inspired by the recent success of grassroots organizing in Seattle, and by other movements in Massachusetts, Wisconsin, Minnesota, the San Francisco Bay Area and parts of Canada. It was formally launched in November 1991 at NAEYC's annual convention in Denver.

Already, the Campaign's grassroots base of child care workers and advocates at the local and state level, coupled with

the participation of the major national child care organizations, unions and many other allied groups, signals the first coordinated effort linking child care employees from a broad range of program types (Head Start, family child care, and public and private child care centers) and from diverse communities in every region of the United States.

Recommendations

Public Policy Strategies

- Amend federal Child Care and Development Block Grant regulations to increase the portion of funds which states can spend on quality enhancement efforts—including teacher and provider compensation.
- Redefine the cost of care for all direct public funding streams, including programs funded directly through contracts and those reimbursed through a certificate mechanism, to include the cost of improved teacher and provider compensation. (See Chapters II and V.)
- Raise ceilings for allowable child care expenses under the federal and state dependent care tax credits and dependent care assistance programs. Current ceilings are far below the actual cost of care to parents in most of California.
- Establish differential reimbursement rates to allow increased compensation for teachers and providers with outstanding training and experience and for programs that meet established standards of high quality.
- Conduct the health benefit actuarial study outlined in California's State Plan for the Child Care and Development Block Grant to determine the feasibility of creating a health benefits pool for child care workers in California.

Strategies for Child Care Programs

- Work to raise staff and provider incomes to levels comparable with other occupations requiring similar education and skill.
- Work with other centers and provider groups to obtain health coverage for groups of child care workers.
- Establish benefit packages for workers in all types of programs, including health care coverage, sick leave, annual leave, and retirement plans.

Turnover

The state's turnover rates may be even higher than the national average.

High turnover is the most prevalent consequence of low child care salaries. The National Child Care Staffing Study found that in the decade between 1977 and 1988, annual turnover rates for child care center staff nearly tripled, from 15% to 41%. The Study also found a direct correlation between wages and turnover: the lowest-paid staff were twice as likely to leave their jobs as the highest-paid staff. Further, the study found that replacement staff, especially those who were new to the field, were the least likely to have formal education or training in early childhood education.[20] Given the relationship between staff training and program quality, this development is particularly disturbing.

Surveys of child care center staff in California indicate that the state's turnover rates may be even higher than the national average; 1991 studies conducted in San Mateo and Sacramento counties found annual turnover rates above 50%. Turnover among teachers in San Mateo

County was 52%, among assistant teachers 70%, and among directors, over 100%[21].

High turnover also plagues the family child care profession: a 1991 report on child care in Southern Alameda County, for example, found 19 to 30% annual turnover among licensed providers between 1987 and 1991.[22]

A 1989 follow-up survey of providers recruited for the California Child Care Initiative found a turnover rate for first-year recruits of 30.6%; it is particularly noteworthy that this was considered to be a laudably high rate of retention for the field. The survey found that aside from family relocation, unstable income was the most significant cause of turnover.[23]

Education and Training

Child care teachers who had graduated from college were paid less than $2.00 more per hour than colleagues who had never attended college at all.

While the average child care teacher has completed more years of formal education than the average U.S. worker, her education has not necessarily been in preparation for a career working with children. According to the National Child Care Staffing Study, only half of child care teachers have received college-level training in early childhood education or child development. The study also found that teachers' education was a critical determinant of quality: teachers who had completed more years of formal education and had received early childhood education training at the college level provided more sensitive and appropriate caregiving.[24]

But in spite of the importance of education and training as predictors of quality, child care center salary scales provide little incentive for teachers to continue their education. The Staffing Study found, for example, that child care teachers who had graduated from college were paid less than $2.00 more per hour than colleagues who had never attended college at all. Center directors with graduate-level education earned on average only $2.23 more than directors who had never graduated from college.[25]

Moreover, there is little coordination among training programs offered by colleges, professional certification institutions and community and professional organizations throughout the country. Course credits earned in one institution or system may not be recognized by another, and pre-service training is rarely coordinated with in-service training. The result is a "hodgepodge" of discrete training opportunities that inhibit job mobility and do not necessarily lead individuals toward progressively higher levels of career development.[26]

While California provides many opportunities for training in early childhood education, there is no method for organizing or evaluating credits, transferring them across institutions or jobs, or receiving salary or career incentives for accrued training units.[27] While start-up training for family child care providers is available in increasing numbers of communities and in forums which reach some language-minority providers, there is seldom training available to meet the needs of more experienced providers.

Like most states, California currently has no pre-service training requirements in family child care.[28] With the enactment of recent legislation, family child care providers and child care center staff will be required to complete fifteen hours of training on preventative health practices by 1995.[29] State regulations do, however, require child care teachers to have pre-service training: one must have a minimum of six college semester units of early childhood education course work to be hired as a teacher, and twelve units of course work and six months' experience to be "fully qualified" as a teacher. While these training requirements are

more stringent than those of other states, they do not necessarily reflect an effective, coherent or cumulative training program. Nor do California regulations require supervised practice with relevant age groups—another key component of effective training.[50]

Most child care staff are no longer being trained prior to employment; rather, they are coming to community colleges for training after they have been hired to teach in a child care center.

For the most part, California community college early childhood education programs were designed for students who were expected to undergo a two-year pre-service training and certification program before seeking employment in child care programs. The current reality, however, is that most child care staff are no longer being trained *prior to* employment; rather, they are coming to community colleges for training after they have been hired to teach in a child care center. Furthermore, four-year colleges with early childhood education programs report that many of their graduates do not pursue work in child care after completing their degrees. The reason most often given is that such positions do not pay well enough for graduates to support themselves and to pay back expensive student loans.

Even though overall enrollment in community college early childhood education classes has grown since the mid-1970s, a smaller percentage of students is attending daytime classes or completing full certification programs. These students are often working in programs with other inexperienced teachers, where the director may also be inexperienced or lacking in time to provide training and supervision. Thus, new teachers are asked to assume responsibilities for which they are not prepared, responsibilities that at one time were reserved for teachers with more education and experience.[51]

The most important public policy need in the area of staff training is for consistent professional standards. At a minimum, all staff should be able to meet the competencies set forth by the Child Development Associate (CDA) standards, which require that someone working with children in a professional capacity be able to establish and maintain a safe, healthy learning environment. This includes the abilities to:

- advance physical and intellectual competence;
- support social and emotional development and provide positive guidance;
- establish positive and productive relationships with families;
- ensure a well-run, purposeful program responsive to participant needs; and
- maintain a commitment to professionalism.

The child care system needs staff with many different levels of training, from entry-level positions with little or no training to master teachers with undergraduate and graduate degrees in early childhood education. These various levels of training should be meshed with specified positions in the profession and then compensated accordingly.

Solutions must address the availability of appropriate training, the cost of training, and incentives for caregivers to pursue training. In particular, the development of training models at the child care work site could have the added benefit of impact on more staff and on the work setting as well.

Recommendations

Public Policy Strategies

- Develop and implement consistent professional standards that reflect a relationship between training requirements and job requirements. For example, California currently requires only 12 college units (or 6 units on a provisional basis) in early childhood education for a person to be "qualified" as a teacher in a licensed child care center.[52] That person may have excellent rapport with children and be qualified to work in a classroom. After just two to

four college courses, however, he or she probably has not acquired the necessary skills to assume primary responsibility for designing and implementing a child development environment and curriculum, or for supervising and training assistant teachers, many of whom have no previous training at all.

- Create a defined career ladder for the child care system in which increased compensation is correlated with education, training and years of experience. The National Association for the Education of Young Children (NAEYC) is developing a professional development model, outlining recommended professional preparation requirements for each of the staffing roles in early childhood programs. The NAEYC model should be used as a guideline for developing new professional standards, which should be adopted and enforced in regulation.
- Address regulatory impediments which currently inhibit career mobility for family child care providers who wish to move into child care center positions.
- Reassess child care program accreditation models, such as the one developed by NAEYC, to address the issue of adequate caregiver compensation.
- Create articulation agreements among the variety of training resources in California that will allow people in the early childhood field to receive transferable credit for pre-service and in-service training.
- Allocate greater resources to make training more available and affordable to child care staff. Early childhood education departments in community colleges must be adequately funded to serve the training needs in their communities. In some instances, this may mean additional resources to offer classes in rural areas where distance inhibits access to a community college. It may require offering evening or weekend classes to allow the attendance of caregivers who work full-time.
- Develop and implement innovative models through the community colleges for training child care staff with limited English skills.
- Publicize California's loan forgiveness program adopted in 1992.[33] Under this program, child care teachers are eligible to have the State assume up to $4,000 of a student loan, once they have completed two years of teaching in a program which serves children at least 50% of whose families are eligible for state or federal child care subsidies, or whose family income falls below 85% of the state median income.
- Expand the statewide Mentor Teacher Program adopted in California as part of quality improvements under the Child Care and Development Block Grant. The program identifies experienced early childhood teachers and offers them an advanced supervision class. Upon completion of the class, they are eligible to become mentors and to have community college early childhood education departments place students with them to fulfill supervised teaching experience requirements. In return for this additional responsibility, mentors receive a stipend and materials for each student placed under their supervision. This program responds to two critical needs: it provides a career ladder option and an incentive for trained teachers to remain in the field, and it creates an innovative and effective supervised training option for community colleges.
- Develop a mentoring process for family child care providers.

- Replicate models developed in other states to link training with increased compensation. North Carolina, for example, has developed a program reimbursing caregivers for tuition spent to earn the state's Child Care Worker Basic Training Credential.[34]

Strategies for Child Care Programs

- Institute salary scales that provide an incentive to receive additional training and education. Training and compensation must be addressed concurrently. If child care teachers or providers still earn less than $12,000 per year regardless of their level of training or education, there is little incentive to invest in further education.
- Use center resources whenever possible to assist staff in obtaining training. Some programs, particularly large centers employing many staff with similar training needs, have arranged for community college instructors to provide on-site, in-service training for college credit. Other centers have assisted staff by paying the cost of college tuition and providing paid time off to attend school.

Recruitment

Even without a staffing crisis, there would be a need for recruiting new people into the child care field, because of the enormous growth in child care needs.

As recently as 1989, the state of California reported that its labor pool was shrinking due to a decreasing number of teenagers and a slowing rate of growth in labor force participation by women. Unemployment rates were predicted to decrease, moving towards nearly full employment in the early 1990s.[35] Given these statistics, there was reason to expect that an overall shortage of workers would affect the child care work force and create an economic incentive to increase compensation. With unemployment approaching 10% in California's current recession, this is no longer the case. While it may now become easier to recruit workers into the child care profession, these potential workers will most likely be untrained, and will not necessarily be motivated to become early childhood professionals. Further efforts will be required to address both training and compensation.

Teachers were very satisfied with the nature of their work, the opportunities for autonomy and challenge, and the ability to participate in children's growth and development.

The National Child Care Staffing Study found that teachers reported very high satisfaction with the intrinsic rewards of their jobs. They were very satisfied with the nature of their work, the opportunities for autonomy and challenge, and the ability to participate in children's growth and development. On the other hand, they were dissatisfied with their pay, benefits and social status.[36] This suggests that while new recruitment strategies may be necessary, they will be ineffective unless they are accompanied by real incentives—in particular, improved compensation and status—to attract people to work in the child care field.

In addition, because of California's unique cultural and geographic diversity, it is important that both public policy and private program recruitment strategies be focused within the communities to be served, to ensure that child care staff reflect the diversity of the children in care.

Recommendations

- Tie recruitment strategies to incentives—in particular, improved compensation and status—that will attract people to work in the child care field.
- Focus recruitment strategies to ensure that child care staff will reflect the cultural diversity of the children in care.

Public Education

Child care work, in addition to being physically demanding, requires a thorough understanding of how children develop and learn.

Parents and the general public often have a limited understanding of the child care provider or teacher's role. They might perceive child care as unskilled work similar to babysitting, requiring little more than a love of children. They may also not appreciate the complexity of caring for large groups of children, and the ways in which this experience is different from parenting.

Something apparently as simple as the appropriate selection of toys requires not only an understanding of the product (safety, durability, and uses), but also a knowledge of the stages of child development, how children interact in large groups, and the physical, cognitive, and social skills children need to develop in infancy and early childhood. Child care work, in addition to being physically demanding, requires a thorough understanding of how children develop and learn.

For caregivers to receive the compensation and status they need in order to remain committed to a child care career, the public must have a better understanding of the critical nature of this role. Parents and policy makers must appreciate that well-trained, decently compensated and consistent caregivers are the cornerstones of quality child care. Moreover, parents—particularly low- and moderate-income parents—must know how they can access public support to help them pay the full cost of quality child care.

A variety of public agencies, such as health clinics, schools and libraries, have many avenues through which they are already in contact with parents and prospective parents. Without significant additional cost, they could include educational materials developed by other organizations on quality child care within the range of public information they provide. In addition to helping parents identify quality child care programs, public agencies should also ensure that families have full information about the variety of public subsidies, including tax credits, which are potentially available to them.

Child care resource and referral agencies are particularly well-positioned to provide materials to parents on the role of teachers and providers in assuring quality care. As agencies that routinely assist families in selecting child care, they have both legitimacy with and access to parents. This education should be part of their ongoing parent counseling and referral work.

Parents and policy makers must appreciate that well-trained, decently compensated and consistent caregivers are the cornerstones of quality care.

Individual centers and family child care homes can also play a part in helping to educate parents about their staff. For example, a family child care provider in the San Francisco Bay Area regularly gives families information about program consistency, staff quality, and her budget—especially whenever it is necessary to give notice of a rate increase. Another provider requires all families to spend a full day in her program each year. Both providers report that these strategies give parents a better understanding of their work and, as a result, they meet with less resistance whenever they need to raise their fees.

Child care programs can also join community-wide public education campaigns such as the "Worthy Wage Campaign" to help educate parents and the general public about the need for better compensation for child care staff.

Recommendations

Public Policy Strategies

- Develop educational materials on child care quality and resources to be provided to parents by public agencies, for example, along with information about food and nutrition (through USDA materials), social services, maternal and child health programs.
- Improve outreach and education about public child care subsidies, including tax credits and programs for welfare recipients in education and training.
- Add consumer education about the true costs of quality child care, and the need for better caregiver compensation, to the mission of California's child care resource and referral agencies. Provide adequate resources for the agencies' core referral function so that they can thoroughly inform parents about quality and resources for child care.

Strategies for Child Care Programs

- Join community-wide public education campaigns such as the "Worthy Wage Campaign" to help educate parents and the general public about the need for better compensation for child care staff.

Conclusion

Because child care workers continue to earn poverty-level wages, they are continuing to leave their jobs at a rate of more than 50% per year. In the face of such turnover rates, consistency and stability for children are impossible to provide.

Greater opportunities for training, and expanded recruitment and public education efforts, are essential. Yet training and recruitment will not solve the staffing crisis without a serious reassessment of the value of this important work. Wages and benefits must be increased to a level competitive with other occupations. Along with better wages and benefits, a career ladder must be established that recognizes and rewards educational preparation and competence. Only then will child care professionals be able to enter the profession, continue to improve their skills, and make a long-term commitment to working with young children.

End Notes

[1] Marcy Whitebook *et al., Who Cares? Child Care Teachers and the Quality of Care in America* (Oakland: 1989), 141; see also Suzanne Helburn *et al., The Costs of Child Care and Education* (Denver: January 1991).

[2] *Ibid.*, 76-77.

[3] Barbara Willer *et al., The Demand and Supply of Child Care in 1990* (Washington, DC: 1991).

[4] National Committee on Pay Equity, 1990.

[5] Whitebook *et al., Who Cares?*, 38; see also Jim Morin *et al., Taking Matters Into Our Own Hands: A Guide to Unionizing in the Child Care Field* (Oakland: 1991).

[6] Whitebook *et al., Who Cares?*, 67.

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[8] California Education Code §8360 *et seq.*

[9] Carollee Howes *et al., Solving California's Child Care Crisis: An Assessment of Proposals to Weaken Regulations and Limit Funding* (Berkeley: 1991).

[10] Comments of a student in child care administration at San Francisco State University, October 21, 1992.

[11] Whitebook *et al., Who Cares?*, 49.

[12] Ellen Eliason Kisker *et al., A Profile of Child Care Settings: Early Education and Care in 1990* (Princeton, NJ: 1991).

[13] Whitebook *et al., Who Cares?*, p. 51.

[14] *Ibid.*, 53-56.

[15] See *The San Mateo County Survey of Child Care Center Salaries, Benefits, and Working Conditions* and *The Sacramento County Survey of Child Care Center Salaries, Benefits, and Working Conditions* (Oakland: Child Care Employee Project, 1991).

[16] Kathy Modigliani, "Money and Family Child Care: The Facts and Current Information," in *The Language of Money and Family Child Care* (Colorado Springs: Windflower Enterprises, 1992).

[17] Susan Kontos, *Family Day Care: Out of the Shadows and Into the Limelight* (Washington, DC: 1992), 63.

[18] 45 CFR §§98.50 and 98.51.

[19] "On the Horizon: New Policy Initiatives to Enhance Child Care Staff Compensation," in *Young Children* 47, no. 5: 39-44; see also Dan Bellm *et al., What States Can Do To Secure a Skilled and Stable Child Care Work Force* (Oakland: 1991) and Marcy Whitebook *et al., From the Floor: Raising Child Care Salaries* (Oakland: 1990).

[20] Whitebook *et al., Who Cares?*, 70-75.

[21] *The San Mateo County and Sacramento County Surveys* (Oakland: 1991), 6.

[22] *The 1991 Annual Report on Child Care in the Valley* (Livermore, CA: 1991).

[24] Merle Lawrence *et al., Helping Family Day Care Providers Stay in the Business* (San Francisco: 1989).

[24] Whitebook *et al., Who Cares?*, 40.

[25] *Ibid.*, 51.

[26] *Quality Matters: Improving the Professional Development of the Early Childhood Work Force* by Carol Copple (New York: November 1990).

[27] *A California Strategy for Training of Child Care Providers* (Pasadena, CA: June 17-18, 1991).

[28] Children's Defense Fund (Washington, DC: 1990).

[29] California Health and Safety Code §1596.866 (Chapter 35, Stats. of 1992).

[30] *Quality Matters*.

[31] Peyton Nattinger, Member of Chancellor's Advisory Committee on Early Childhood Education, Early Childhood Development Instructor and Coordinator of Mentor Teacher Program at Chabot College, Hayward, California, conversation with the author, April 1992.

[32] California Code of Regulations, Title 22, §10136.2.

[33] California Education Code §69630 *et seq.*

[34] "On the Horizon," 39-44.

[35] California, Governor George Deukmejian, *Economic Report of the Governor* (Sacramento: 1989).

[36] Whitebook *et al., Who Cares?*, 56-58.

Chapter Four

Delivering Child Care Services To California's Families

"I don't understand this system, if you can call it a system! I finally find a child care center that has an infant/toddler program for my two-year-old, a preschool program for my four-year-old and after-school care for my eight-year-old. My GAIN caseworker approved the cost of this program a few months ago, and having all three kids in the same program makes my going to school full-time easy on all of us. I really like this center, because the ratio of kids to adults seems to be better than other places I've looked at, it is right on our reservation, and it is really geared to the needs of Native American families.

"Yesterday I received a notice from my GAIN worker that welfare wouldn't pay for my kids to stay in this center, because the rates had gone up and the 'state' couldn't pay the new rate. The director told me that her rates were increased because of a memo from the 'State' Department of Education. Am I living in two separate 'states'? Why doesn't anyone care about what is best for my family?"

—GAIN Parent, Bishop, CA

Introduction

This impassioned plea from a GAIN participant articulates one of the most fundamental issues facing child care in California today: the lack of a clear and efficient administrative system for the coordinated delivery of *all* child care services.

Simultaneously overlapping and divided jurisdictions have been identified by critics as the root of a "chaotic" and "fragmented" system of publicly–subsidized child care.

Currently, the responsibility for administering *state-subsidized* child care services is divided between the California (State) Department of Education (CDE) and the State Department of Social Services (DSS). Each agency administers its own rather complex system. In the case of CDE, there is a direct-contract system and an Alternative Payment program. The contracting system includes contracts with local education agencies (school districts), as well as with private nonprofit and for-profit agencies. The Alternative Payment Program (AP) is a locally-administered voucher program within the state-subsidized system; it purchases care primarily from the private market, which in most cases is care licensed by the Community Care Licensing Division of the State Department of Social Services.

The responsibility for administering *federally-subsidized* child care services is also divided between the same two agencies. CDE is responsible for administering the Child Care and Development Block Grant (CCDBG) and the Title IV-A At-Risk Child Care Program (the latter through an interagency agreement with DSS), while DSS administers all AFDC-linked child care subsidies (which have both state and federal share of cost), including GAIN, NET, and Transitional Child Care (TCC). Head Start, also a federally-subsidized program, operates at the local level and lacks any state-level administrative structure whatsoever.

These simultaneously overlapping and divided jurisdictions have been identified by critics as the root of a "chaotic" and "fragmented" system of publicly–subsidized child care.[1] Given this fragmentation, it is little wonder that the overall child care system is hardly a "system" at all. Critics have noted that in certain fundamental areas, such as comprehensive child care planning, no agency has "official" jurisdiction. Perhaps worst of all, the various parts of the "nonsystem" often work at cross purposes, as in the case of the GAIN parent above, or in communities where, lacking any control over child care planning, Head Start and State Preschool programs find themselves competing for the same families, while other families go completely without child care.

The lack of effective administrative structures to manage the child care delivery system is not new to California; in 1978, the Report of the Commission to Formulate a State Plan for Child Care and Development Services in California recommended that, "In view of the Commission's concern and commitment that all children have access to child care and development programs, there is the need to bring together both subsidized and non-subsidized programs under one administration."[2] In the intervening fourteen years, this need has only intensified: not only have many new programs and funding streams developed, but the once stark separation between publicly–subsidized and non-subsidized programs has blurred considerably. The "parental choice" mandates of recent legislation have greatly extended the use of public subsidies to pay for private-market care that is not subject to additional standards.

Nor is this lack of effective management structures unique to California; it is endemic to child care systems nationwide. A commentator on Kentucky's system could have been writing about California when she noted, "Determining what federal and state services are provided to whom is almost impossible

because of overlapping or divided jurisdiction; varying reporting systems; different eligibility criteria, funding mechanisms and oversight systems; various programs in existence; flux in programs and funding levels; and lack of communication and coordination among the many entities involved."[3]

Nonetheless, it is critical that California exercise leadership in developing a workable administrative system to govern its child care services. With its vast geographical scope, its massive and increasing child population, and its substantial investment in subsidized child care programs, California has ample reasons not to wait to follow the other states' lead. Indeed, given our long pioneering tradition in the child development field, other states are looking to California to develop administrative models for replication.

Chapter I, "Meeting California's Child Care Needs," contains a summary of all significant programs currently operating under the auspices of the State Department of Education, the State Department of Social Services and the federal government. The following discussion of the structure of California's child care delivery system will presuppose a basic familiarity with this multiplicity of programs.

Requisites of a Rational Child Care Delivery System

Before examining various methods of improving the administrative structure of California's child care delivery system, it is critical to review the fundamental components of any such improved system.

Parental Choice

Parental choice is essential to any child care delivery system.

There is broad consensus that parental choice is essential to any child care delivery system. Prior to the advent of recent federal child care funds, California had already institutionalized the principle of parental choice in several of its child care subsidy programs.[4]

The Alternative Payment Program, established by legislation in 1976 and given its current name in 1979, was promoted as a means of offering greater flexibility to families receiving subsidy—giving them an array of child care choices comparable to that of families with greater means. The intimate nature of the child care relationship, the respect our culture accords to parents' authority to choose how to raise their children, and the recognition that fundamental values are transmitted and learned in child care settings, all served to buttress the importance of enabling low-income families to share in the parental choices available to others. The AP program offers families the option of purchasing child care in the private market—i.e., care that is not subject to the higher standards set in most subsidized programs by way of funding terms and conditions. It was also intended to create a greater integration of economic groups in child care programs, and to maximize the use of child care spaces available in the private sector, particularly in areas where it did not appear cost-effective to develop new contracted programs. At the time the program was initiated, it was also believed that it could reduce program costs. It is important to note, however, that the AP program had no mandate to use license-exempt care, and tended to use it only in exceptional circumstances; it incorporated funding for payment agencies to work with providers and parents to im-

The AP program had no mandate to use license-exempt care, and tended to use it only in exceptional circumstances.

prove the likelihood of quality care; and it did not cap child care payments to the same degree as do the new federal programs.

At the federal level, every recent child care subsidy includes a parental choice mandate.[5] But unlike California's pre-existing AP program, the new federal "parental choice" programs—including AFDC-linked child care (GAIN, NET, TCC), Child Care and Development Block Grant programs, and IV-A At-Risk Child Care—primarily address the issue of choice through the implementation of vouchers or certificates. In this context, the presence or absence of state-level standards has become a concern, since these federal programs stipulate that standards must not have the effect of excluding eligible child care providers. This signals a major departure from system requirements in California and other states that public monies be used primarily in programs which meet standards exceeding those set by licensing. Most of the new federal programs require that states pay for any type of legal care—rather than making all choices, including the highest-quality programs, affordable to low-income families. While it is described as being set at the "local market rate," federal financial participation does not cover the usual and customary price for all child care, but rather the actual cost for the lowest 75th percentile of services.

Like much of the discussion surrounding child care, consensus about "parental choice" is more apparent than real. Those who talk of parental choice in the child care context have not tackled some of the most difficult issues it presents:

- How do parental choice issues differ between child care and K-12 education?
- Do some advocates of parental choice in child care have a not-so-hidden agenda of developing a proving ground for the ultimate expansion of vouchers to K-12?
- Do parental choice issues change with the age of the child? Is a fuller range of options more essential for infant and toddler care than for preschool care?
- Should concerns about choice vary depending on whether parents are seeking a child care subsidy voluntarily, or because of required participation in an education and training program?
- Is there a point at which parental choice should be limited because of societal concerns for the safety of children? Should this be true only in subsidized care? Are efforts made to expand the range of parental choices of high-quality care as determined by child development experts? Are the choices of parents and experts really so different?

As we use the term here, "parental choice" means that families have sufficient resources to choose among several options that meet their own child care needs. The options would include child care:

- in varied and convenient settings;
- appropriate for different age groups;
- with varied sponsorship;
- which is affordable (in turn, implying true market-rate subsidies and sliding fee scales), and to which timely payments of subsidies are made;
- with varied hours of operation;
- with varied program philosophies, reflecting families' diverse values and cultures; and
- of high quality, as determined by families, and which can be fully paid for through subsidies.

Significantly, we see the expansion of any type of certificate or voucher system as a valuable supplement to the existing contract system. Vouchers can better maximize the use of existing capacity, can often give parents a broader range of choices, and can meet the needs

of those in areas where establishing contracted programs is not feasible. Given our definition of parental choice, however, it should be clear that vouchers cannot entirely replace the direct purchase-of-service system without diminishing parental choice. This is because, in many communities, providing subsidies exclusively through vouchers cannot guarantee the creation of the infrastructure necessary to establish and maintain child care programs.

In addition, the options listed above should not be considered a one-time-only opportunity. Families must be free to change their child care arrangement whenever their circumstances change, without fear of losing financial assistance.

Genuine parental choice also assumes that parents have sufficient information to select from the full range of available care.

Parental Choice Requires Information

Genuine parental choice also assumes that parents have sufficient information to select from the full range of available care. Many parents also need information about, and assistance in, actually selecting the care which is best suited to the needs of their children. In a recent study of the child care choices of welfare mothers in New Jersey, the authors commented,

"Our findings seem to underscore the importance of providing parents in programs like REACH [equivalent to California's GAIN] with information about the benefits of various child care settings—family day care as well as center care—before they are asked about the child care arrangements they want to use....Parents in REACH may need other information as well. A better understanding of child development and the learning process would enable parents to make more informed judgments about programs that are appropriate for their children."[6]

Licensed Care versus Exempt Care

One of the key issues in the ongoing debate about parental choice is whether to use public funding to pay for care which operates legally, but under no regulatory auspices. "Exempt" care has been defined as all child care which is not required to be licensed by law.[7] The term "exempt," however, is usually understood by the field to mean in-home care, or care in a provider's home for no more than one family's children besides the provider's own. Much of the debate has focused on the lack of standards governing the quality of exempt care; this issue is discussed in Chapter II. We will focus here on administrative issues created by the increased use of exempt care in the subsidized system.

This trend has opened a Pandora's box of issues that at present remain largely ignored—for example, issues of minimum wage, worker's compensation, issuance of Form 1099s, liability and unemployment compensation. These are of concern precisely because the legal relationship of the state, the payment agencies and subsidy-eligible families to the individual providers of care under these programs has not yet been definitively clarified. Moreover, there has been little discussion about enforcing the standards imposed on exempt care, or the operation of the complaint system now required for all care subsidized under the federal Block Grant. The Block Grant requires that states must maintain a record of *substantiated* parental complaints (implying an enforcement mechanism which can make such a determination) and must make this information available to the public (a system which is not in place for exempt care).[8] Finally, few have realized that receiving financial assistance through new federal child care programs may require exempt providers to comply with a variety of federal mandates—e.g., Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against individuals with disabilities in programs and activities receiving federal funds.[9] These are enormously complex legal and policy issues which we must begin to address.

The use of exempt care has also created the need for additional administrative resources. With more caregivers who must be registered, paid and accountable for providing services, state agencies will be expected to handle more paperwork as money flows to smaller and smaller units. The use of exempt care in particular makes it essential to develop administrative systems which are as efficient and effective as possible.

Clarity of Program Purpose

California's State Department of Education essentially views child care programs as focused on children's developmental needs, while the Department of Social Services essentially views child care as focused on parents' ability to work.[10] This lack of consensus between the two state agencies about the purposes and goals of subsidized child care services is a key problem both in reconciling or integrating the two programs, and in linking the subsidized and non-subsidized systems.

A workable child care system must be focused on the needs of families.

Focusing on Family Needs

Should an optimal child care administrative system be defined in terms of parental need or child need? There is now a general consensus in the child care field that pitting parents' needs against children's is in fact a "Hobson's choice," a false dichotomy. Rather, a workable child care system must be focused on the needs of *families*; if it purports to meet children's developmental needs without reference to family needs, or vice versa, it is doomed from the outset, for each objective is integrally related to the other.

Several reasons may be cited for such a re-definition:

- It is unrealistic to develop a child-directed system while ignoring parents' needs, since parents' and children's needs are interconnected.
- It is unreasonable to expect a child-centered program to be effective in addressing social problems such as abuse and neglect without reference to the family context.
- Our current system often forces family and child goals to be in conflict. For example, as in the case of the GAIN parent in Bishop, California, cited above, TCC payments may be insufficient to purchase service in a high-quality child development program, such as a private-fee slot in an CDE-contracted center. Or if a child care program only operates part-day or closes before 6:00 p.m., parents who work full-time may be forced to place their children in multiple programs over the course of a day.
- Successful child care program models of parent participation and support, such as Head Start, are viewed as providing an important service to vulnerable *families*.

Clarity of System to Users

A common complaint by parents—if they can even determine who to complain to!—is the lack of information about the variety of child care services potentially available to them. It is a daunting task to determine not only whether subsidies are available, but where to go to secure them. Presently, many families are unaware of certain subsidies available to them; TCC is only one example. Eligibility criteria (both for families and providers) are inconsistent between programs; reimbursement rates differ even within broad program types (e.g., AFDC-linked child care such as GAIN vs. TCC); and minimum regulatory standards are inconsistent.

As the number of subsidy programs proliferate, parents will also need information and guidance regarding the advantages and disadvantages of each subsidy so that they can make informed choices as to which subsidy is best for their family situation. To do this, parents will need information about a wide range of aspects of each subsidy pro-

A common complaint by parents—if they can even determine who to complain to!—is the lack of information about the variety of child care services potentially available to them.

gram, including the number of hours the subsidy is available, the rate at which child care is paid, how long the subsidy will last, and so forth. Ironically, this may pit the principle of parental choice against another principle—maximizing federal dollars, when parents seek to use the fully state-subsidized system because of a preference for these high quality programs rather than a subsidy entitlement which depends on a mixture of federal and state dollars but whose reimbursement rate ceiling only allows for payment of lower quality programs.

There is general consensus in the child care field that child care resource and referral services are key players in clarifying the system to consumers—but given the inherent lack of clarity in these myriad funding streams and eligibility guidelines, information is not enough. A streamlined approach to choosing child care, determining eligibility and securing funding is essential.

A Streamlined Approach: The "Seamless System"

In the debate over greater child care coordination, the term "seamless system" has become a common buzzword—but what such a system means and how it is to be developed are typically left unexplored. For our purposes, a seamless system is one that assures parents equal access to and payment for child care to meet their needs, even as their eligibility for various programs changes over time, without the necessity of changing child care providers. This may mean supplementing payments from one category, coordinating part- and full-day programs, and filling in service gaps so that parents may move smoothly from one program to another without "falling between the cracks." Seamlessness also implies capturing all available subsidies to the maximum extent possible. These concerns, of course, primarily reflect the parents' perspective—but one must also take into account the perspectives of child care providers, payment agencies and the state administrative system itself.

Reform must take place on two fronts simultaneously:

1) Major legislative efforts must be undertaken at the state and federal levels to push for the statutory and regulatory changes necessary to move us toward a seamless child care system—a system which current regulations mention but simultaneously sabotage.

2) Administrators and service providers must do whatever they can to help the system run more cohesively, even in the face of statutes and regulations which impede cohesion and continuity.

Recommendations

Legislative reform at the federal and state levels should include:

- an evaluation of whether to eliminate categorical funding and to establish block grants with expenditure priorities with the proviso that safeguards for children relating to quality and accountability would be maintained or instituted;
- an evaluation of how, in the absence of significant reform at the federal level, California might combine CCDBG, IV-A At-Risk, and state-subsidized child care programs more efficiently;
- movement toward consistency in payment rates, mechanisms, methods and allowable charges;
- movement toward consistency of sliding fee scales and payment of delinquent fees;
- in the absence of elimination of categorical funding, movement toward greater consistency and coordination in income and eligibility standards, with eligibility standards reflecting genuinely distinct categories of families, eliminating overlap and leaving no gaps;

- movement toward consistency of quality standards; and
- movement toward consistency of reporting requirements.

A related concern is the shortsightedness of continually targeting very narrow subpopulations for services, as if the needs of these groups were so totally distinctive as to require wholly new programs. Rarely are these subgroups so clearly demarcated as not to overlap with other groups. Policy should emphasize integration rather than fragmentation of services: we should be adding on to core services as necessary, rather than constantly creating brand new programs that differ in every possible (but not necessarily desirable) way. As one commentator concluded, "Our current service system...is a maze of categorical programs that is both too complex to administer effectively and too simple in conception: a program for each narrowly defined need. Programs rarely respond comprehensively to the multiple needs of children [we would say families]."[11] Another commentator termed this lack of rational planning, and the proliferation of programs with separate mechanisms, systems and requirements, a "hardening of the categories."[12]

"Uniformity means either raising the worst criteria or lowering the better ones. The outcome for children matters more than the goal of uniformity."

Greater efforts must be made to ensure that various programs dovetail with one another, rather than leaving large abysses that families find themselves unable to cross. In working to accomplish this goal, it will remain essential for advocates to envision, and work to achieve, a system that does not become seamless by stooping to the lowest common denominator of regulatory standards, payment rates and eligibility. As Marian Wright Edelman has so pointedly noted, "Uniformity means either raising the worst criteria or lowering the better ones. The outcome for children matters more than the goal of uniformity."[13] Such a system must also be flexible: it must have the capacity to be upgraded or improved easily, and not become fossilized in the name of remaining consistent or seamless.

Reforms which encourage consistency will enable bureaucracies to administer programs more easily, thereby making programs more efficient, less costly and more "user-friendly." Without reforms to simplify and streamline child care administration, many subsidies will never reach those in greatest need, and most other efforts to improve the delivery system will also fail.

Making Necessary Changes at the Administrative and Service Provider Levels: Recommendations

Reform at the administrative and provider levels would include developing statewide and local systems which pool all funding sources—rather than forcing individual contractors or families to do this. Among other efforts, this could involve developing an automated system to coordinate funding streams, and providing technical assistance to local agencies so that front-line workers can give parents more comprehensive, up-to-date information on available subsidies.

Reform would also mean creating a single point of entry for families—one that is well-publicized as *the* place in a community to learn about available child care and subsidies, accessible by telephone, and located in service delivery areas small enough to be responsive to community needs. This office could assist parents in choosing child care, and determine eligibility and recertification for various programs, using a single form developed for multiple programs and describing all potential sources of subsidy. To the extent that determining eligibility—as opposed to creating eligibility standards—must be conducted by IV-A staff, this might mean re-deploying DSS staff to resource and referral agencies or, alternatively, making eligibility determinations along with immediate referrals to the R&R agencies. To the extent feasible, it would also mean increasing the number of R&Rs which administer AP programs, or expanding

the number of these agencies which are co-located.

A primary benefit of developing a single point of entry that is not linked to existing AFDC offices would be the elimination of the pervasive "welfare mentality" found there—an orientation which emphasizes denying benefits rather than increasing access, and inexpensive child care over care that is best suited to a family's long-term needs.

The application process should be streamlined and consolidated so that families can fill out one basic form for child care assistance. If additional information is needed for a particular program, this can be added later, so that the majority of information does not have to be repeated in multiple application forms. The need for a streamlined application form and process is not unique to child care. To take just one example, the federal Departments of Agriculture and Health and Human Services have begun testing a simplified form which would enable families to apply simultaneously for Head Start, Medicaid, WIC and several other federal programs. The effort involved in such an undertaking is considerable—in this case, an eighteen-month pilot program—but definitely worthwhile for families, who would no longer need to visit several different offices and fill out several different forms calling for much of the same information. Finally, waiting lists for child care assistance could be centralized—at a location to be determined—in order to facilitate parent access, placement priority, needs assessments, data collection and accounting.

The key is to develop a planning and coordinating system broad enough to encompass all aspects of the child care universe without giving short shrift to the critical needs of low-income families.

The Capacity to Administer Diverse Services

Despite the wide array of program types existing in our state, experts agree that we are not meeting the full spectrum of need demonstrated by California families, and argue that our present "diversity" has actually evolved from the lack of a coordinated, needs-based system. In short, unmet needs exist not only because there are inadequate resources devoted to meeting them (see Chapter V), but because too little attention has been devoted to officially identifying needs, planning for present and future abilities to meet them, coordinating existing resources, and redirecting resources when new or changed needs are identified.

Consequently, it seems imperative that any new child care delivery system include a central planning and coordination framework at the state and local levels that would still allow for diversity of programs. At the state level, aggregate data must be collected and analyzed on a regular basis, using information received from the local level. It would be most sensible for this local information to be developed by the Local Planning Councils (initially established to set priorities for the federal Child Care and Development Block Grant, and described in greater detail below), with the assistance of the local resource and referral agencies. Additionally, state-level resources must be devoted to exploring unmet needs that appear statewide but do not rise to any locality's highest priorities—for example, the need for migrant child care. Any state planning effort must focus on gaps in service, geographic disparities, allocation formulas, duplication of services, continuity and efficiency. We desperately need a single source of statewide data on all child care programs.

The key is to develop a planning and coordinating system broad enough to encompass all aspects of the child care universe without giving short shrift to the critical needs of low-income families. Just as advocates have feared folding the administration of child care into the larger realm of children's services, because of the concern that child care will not rise to a sufficient level of importance, there is a justifiable concern that folding all child care into one administration may underemphasize the needs of those who require subsidies. Given the history of state involvement in child

care for low-income families, and the relatively large amount of public child care subsidies, however, these concerns may be overstated. Indeed, it is likely that combining all of child care into one system would actually benefit all families.

A centralized planning and coordination focus would also increase the ability to link child care as a whole with other children's services; thus far, a major stumbling block to such linkages is the fragmentation of the child care field itself. Any "seat at the table" reserved for a child care voice (in those rare instances when this occurs!) currently runs the great risk of being a voice on its own behalf, lacking a comprehensive perspective on child care as a whole.

A centralized planning and coordination focus would also increase the ability to link child care as a whole with other children's services; thus far, a major stumbling block to such linkages is the fragmentation of the child care field itself.

At the local level, a centralized approach must include bringing everyone concerned to a common table. This is essential for developing truly comprehensive local needs assessments that will: 1) address unmet needs according to age of children, geographic area and type of care; 2) identify provider needs, consumer education needs, local resources, and the current supply of licensed and subsidized child care; and 3) keep duplication of services to a minimum. As mentioned above, this function would be appropriate to the Local Planning Councils, which have begun compiling this information with assistance from local resource and referral agency personnel.

Equal Access To Services

In the long term, guaranteeing equal access to child care services—regardless of geography, income or special need—requires expanding the system to the point that it provides universal coverage, even though parents may need to pay in whole or in part for the services. In the short term, equal access requires rethinking formulas for expansion monies, priorities for subsidized care, and improvements in subsidy levels. Equal access to services also implies the integration of all economic groups. If families who receive child care assistance find themselves restricted to a limited number of programs, the segregation of children and families by class and income level becomes increasingly institutionalized. Increased attention to parent mobility and access to services can counteract this pattern—particularly through voucher and alternative payment programs, and the integration of fee-paying families into contracted child care centers. Attention must also be paid to establishing and maintaining contracted center programs in areas in which vouchers alone are insufficient to drive the development of new supply.

Continuity of Care

A child care system should be structured from a parent's point of view, yet take into account what is feasible both for administrators and for child care providers. In particular, it should be possible to coordinate the variety of funding streams to serve individual families on a case management basis so that "money follows the child"—providing for continuity of services even when a family's income or categorical eligibility changes, when the child enters a new age bracket, or when the family moves to another area of the state. While coordination seems possible it will not prove easy. Such an effort will require engaging in sophisticated planning so that other private and/or local monies might be used when state or federal monies appear insufficient to support families for a reasonable length of time.

Maximum Involvement of Families

Parents as consumers must also have a voice in the child care delivery system. Much of the child development literature focuses on the importance of parental involvement in child care programs, but less attention has been directed to the importance of parental involvement in creating child care policy and in de-

Any system which depends so heavily on caregivers to provide a service must operate in such a fashion as to attract and retain well-qualified and dedicated personnel.

veloping and implementing the child care delivery system as a whole. Parental involvement in both these arenas is not only essential—it is interrelated. It is noteworthy that in the public hearings held in California on the Child Care and Development Block Grant, almost all the parents who offered testimony represented Head Start programs, which place a strong emphasis on parental involvement. To enable parents to become involved in the child care delivery system, and not just in individual programs, we must include parent representation in an official capacity at every opportunity, pay for this participation, schedule meetings at convenient times and locations, improve notice and outreach by providing information in multiple languages through minority media outlets, and ensure accessible locations. And even with these supports, it will undoubtedly prove to be difficult.

Parents who are current users of child care services have an important perspective to share which is not identical to that of advocates or providers who also happen to be parents. First, many advocates have not used child care recently or at all. Secondly, while advocates or providers who are also parents may clearly understand the needs of current parent consumers, they will not be wearing the parent "hat" consistently, as would a parent with no other "hat" to wear. This is particularly important when policy conflicts arise between payment agencies, providers, parents and the state.

An Ability to Attract and Retain Well-Qualified Service Providers

Any system which depends so heavily on caregivers to provide a service must operate in such a fashion as to attract and retain well-qualified and dedicated personnel. This means:

- timely payments which reflect the true cost of care, including clarity about when providers will have to absorb the cost of providing care—e.g., when parents are not in compliance with subsidy program requirements;
- minimizing the paperwork necessary to become an eligible provider, and to receive payment;
- support and technical assistance on compliance with regulations;
- provision of opportunities to improve caregiving skills;
- materials and support available throughout the state and in appropriate languages;
- greater consistency of program requirements, enabling families to remain with the same provider even when they change funding streams; and
- identification of any barriers which impede particular providers from participating in a subsidy program.

To take just one example, an automated system has recently been established in Washington state to ensure that child care providers serving subsidized families are paid promptly. In addition to entering information on the provider and the rate to be paid as soon as a family is found eligible, the system sends each provider receiving subsidies a booklet "describing the subsidized program in which the client is participating, the regulations, the name of a contact person, and step-by-step instructions for completing invoices."[14]

State- and Local-Level Leadership

Leadership is necessary not only to enact the principled reforms recommended in this report (both in the delivery system and in other areas) but to realize their implementation. Improved legal and administrative reforms can only do so much. Many would argue that dynamic and creative leadership counts for much more.

How do we achieve such leadership? Several means should be pursued simultaneously. First, current political leaders

must be convinced of child care's importance and place it high on their agendas—and they are only likely to do so if they are persuaded that constituents are evaluating their continued public service based on their actions on behalf of child care. Convincing current leaders, and expanding the constituency that cares about child care, will require coalition-building with many groups such as the elderly, the disabled, and health care professionals. Generally speaking, women politicians have proven to be more aware and supportive of child care issues; consequently, it should be a strong priority to elect more women to local, state and national office.

Secondly, administrative leadership must be improved. This will require stronger mandates to hire officials with experience both in child development and in public administration, to provide pre-service and ongoing training, and to elicit regular and meaningful input from the field in evaluating personnel.

Thirdly, child care providers and advocates must be strongly encouraged to pursue opportunities for leadership at the local, state and federal levels.

Maximum Use of Available Programs

Any program to improve the child care delivery system must first determine that the system's existing capacity is being used effectively and efficiently. Such assurance will require better management of waiting lists, as well as improvements in services which are consistently under-enrolled because of poor quality or other obstacles. It would also require improving planning so that any new capacity developed will truly serve a need that cannot presently be met elsewhere. (See Chapter I, which examines some of the areas in which new supply is genuinely required.)

Administration of California's Diverse Child Care System

State Administration of Child Care Services

Existing Administration

Currently, there is no truly overarching structure at the state level focusing on and encompassing all the elements of the child care field. As mentioned above, the administration of subsidized child care services is undertaken by the Department of Social Services and the State Department of Education/Child Development Division. Child care licensing is conducted by the Department of Social Services. Head Start programs operate with monitoring by regional federal offices, but without any state-level administration.

The Child Development Programs Advisory Committee

What is now known as the Child Development Programs Advisory Committee (CDPAC) was originally established in 1966. Now operating based on legislation passed in 1980, it has gone through several changes since it began. The Committee is now composed of representatives of state agencies, the child care field and related fields, as well as parents. The enabling statute establishing the Committee, located in the Education Code, limited its charge to the evaluation of the effectiveness of the Department of Education's child development programs.[15] Its role is one of advisory oversight; it has no authority over any state entity. This limited charge

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notwithstanding, it has undertaken a range of respected studies and activities that have been somewhat broader than its official mandate, but most of these activities have been undertaken without modifying the Committee's make-up, staffing or authority.

The Committee's own history reflects the fragmentation in child care: in 1984, new responsibilities were placed on it to advise the Department of Social Services on licensing issues; because these duties relate to DSS rather than to CDE, they appear in the Health and Safety Code.[16] If one looks only at the statutory mandate establishing the Committee—the Education Code—one is entirely unaware of these other responsibilities.

Currently, the Committee is also charged with assisting the State Department of Education in developing a state plan for child development programs, and coordinating the drafting of guidelines for assessment of child care needs by local planning councils, which were recognized in law in 1991.[17]

The Secretary of Child Development and Education

In 1991, Governor Pete Wilson appointed a cabinet-level Secretary of Child Development and Education, and named Maureen DiMarco to that position. The charge of the Secretary is to present recommendations to the Governor on a variety of children's issues, including "the efficient and effective delivery of child development and educational services."[18] Additionally, the Secretary is to act as the Governor's liaison with appropriate state agencies and departments, serve as the Governor's advocate on children's issues, and chair the Interagency Council for Child Development, which was to provide the Governor with recommendations for improving all children's services delivery by January of 1992. The Secretary was also provided with staff support.

While from the perspective of the child care field the appointment continues to be of symbolic importance, this cabinet-level position has not fulfilled the expectations generated by the Governor when he established it. During the months following Secretary DiMarco's appointment, her office was actively involved in federal Block Grant planning, and served as both a watchdog and a pressure point on the State Department of Education. The Office, however, has not developed any real mechanism for ongoing communication with the child care field, and it has worked at odds with many child care programs and advocates in its support for changing ratio standards, its emphasis on State Preschool expansion despite the greater need for full-day programs, and its support of Proposition 165. To its credit, the Secretary's office did offer considerable assistance to the child care field at two critical moments in 1992, getting money out the door during the budget crisis and offering assistance to programs in Los Angeles after the riots. Such actions revealed the great potential of such an office as a voice within the state administration on behalf of child care.

Undeniably, disappointment in the office's accomplishments should not be placed entirely at the foot of the office itself; like too many other important concerns, it has become a political lightning rod in the highly-charged atmosphere of Sacramento. It also lacks a legislative mandate which would ensure funding in a manner typical of other departments.

At present, the child care field would be hard pressed to describe the Secretary's contribution to improving California's child care delivery system, and would question the degree to which the Secretary's direct access to the Governor has benefitted the child care field. Obviously, the designation of a cabinet-level position dealing with child development (even if concerned with numerous other children's programs as well) originally signalled a heightened interest in these issues; it generated increased expectations from the field that the clout of the Governor's Office would result in increased leadership on and coordination

With the advent of increasing federal mandates and funds, however, this lack of coordination has had much more serious consequences—namely, the potential loss of badly needed federal dollars.

of California's child care programs. Unfortunately, these expectations have not been met.

During the 1992 session, Senator Becky Morgan sponsored SB 479, which would have legislatively authorized an Office of Child Development and Education to be administered by the Secretary described above. This bill, however, failed.

Existing State-Level Coordination

Most attempts at state-level coordination of child care programs have been unsuccessful. When the GAIN and TCC programs first began, the lack of coordination between CDE and DSS was disturbing to child care advocates, as was the lack of coordination between aspects of the child care system which dealt with subsidized and unsubsidized families. With the advent of increasing federal mandates and funds, however, this lack of coordination has had much more serious consequences—namely, the potential loss of badly needed federal dollars.

All the blame, however, must not be laid at the state's doorstep; much of the difficulty in coordinating programs is due to federal requirements which have required the designation of different lead agencies, and imposed a multitude of differing requirements on various child care programs, making it very difficult if not impossible to coordinate and/or streamline the "system."

Attempts and Impediments in Building Coordination and Collaboration: A Few Examples

When the GAIN program was established in 1986, many child care advocates argued for expanding the existing subsidized system to serve GAIN-eligible families. CDE resisted this approach, however, arguing that it administered child development programs, and was not interested in programs which lacked the regulatory and funding requirements imposed on subsidized services. This position was both unfortunate and shortsighted. First, it ignored the sizeable numbers of AFDC families already using subsidized child care. Second, it focused on the importance of quality care for low-income children, but disengaged from the necessary task of improving the quality of care for the large number of children of low-income families unable to enroll in the existing CDE-funded programs. Third, it ignored the fact that it already administered an AP program.

There was also an absence of political pressure on CDE to incorporate the GAIN families. Former Assemblyman Art Agnos, who sponsored the GAIN legislation, was reluctant to place the program in CDE, having taken to heart many of the child care field's concerns with CDE's administration of child development programs. In addition, many child care advocates were fearful that CDE's high-quality subsidized programs would not expand, but would simply be filled solely by GAIN participants. And of course, many in the legislature favored the increased use of exempt care in order to lower child care costs.

When the federal Family Support Act (FSA) was passed in 1988, the Child Care Law Center, among other advocates in the child care field, called upon the State Department of Education and the Department of Social Services to join together to develop a plan for a more coordinated, child-centered child care delivery system for AFDC recipients.[19] For many child care advocates, the FSA signalled a second opportunity to develop a better child care delivery system. Sadly, little was done to maximize the opportunity. To cite just one example, the FSA required coordinating eligibility for its child care guarantees with those for State Preschool and Head Start programs; in fact, there is a memorandum encouraging contact between county welfare departments and Head Start agencies. In practice, however, it is fair to say that most counties have made little progress in coordinating their efforts on behalf of participating AFDC families.

Collaboration and coordination are difficult to achieve without an institutional structure, without real leadership, without dedicated resources, and in the face of strong counter-tradition. All of this has been exemplified by the recent efforts to implement the new Title IV-A At-Risk Child Care Program, which is intended to serve those "at risk" of becoming eligible for AFDC. Federal guidelines require that the state agency responsible for administering or supervising the state's IV-A Plan (in California, DSS) also administer the At-Risk Child Care Program. Fortunately, however, the guidelines allow the state IV-A agency to delegate much of the program operation to another governmental agency or to a public or private organization, while reserving for itself certain essential functions such as establishing eligibility criteria, setting market rates and fee scales, and submitting reports to the federal government. Recognizing that CDE had the programs which would provide the state match necessary for federal financial participation, DSS and CDE have signed an interagency agreement to enable CDE to carry out the operational aspects of the At-Risk Child Care Program. Obviously, this is an important step in building a workable relationship for interagency collaboration. However, a recent volley of letters between the Governor and the Superintendent of Public Instruction[20] highlights not only the inherent difficulties in getting two large bureaucracies to work together in a timely fashion, and in the face of restrictive federal mandates, but also the heated political context in which this attempt is taking place. It remains to be seen, of course, how this interagency agreement will work in practice.

Collaboration and coordination are difficult to achieve without an institutional structure, without real leadership, without dedicated resources, and in the face of strong counter-tradition.

Another step toward potential cooperation and coordination occurred in 1991, when Governor Wilson signed AB 2184, requiring California to achieve maximum federal financial participation for all eligible families currently served in the state system. Additionally, the bill mandates an interagency working group comprised of the Superintendent of Public Instruction, the Secretary of Health and Welfare and the Secretary for Child Development and Education, in consultation with representatives from child care and development programs, county welfare departments, legislative staff, and representatives from the Department of Finance and the Office of the Legislative Analyst. This working group is charged with making recommendations on the feasibility of consolidating all child care and development programs to provide equal access to services established by federal regulation. Unfortunately, this legislation was a political compromise developed late in the session, and was limited in its approach; among other things, it does not address the important issue of how to coordinate federal programs with the pre-existing state system.

Another problem with this type of interagency working group is its temporary nature. Even if the group developed excellent recommendations, it would be disbanded before gaining any assurance that its agenda would become a reality. Institutionalizing such a body could ensure continued pressure to implement recommendations, and the ability to revise recommendations as needed by any changes in statutory and/or regulatory requirements, including those at the federal level. It is also critical is that the group is composed of the people most knowledgeable about the issues in question.

Proposed State-Level Structures and Coordination

There has been a great deal of discussion over the years about whether California's child care system would be more effectively housed in a single state agency accountable for the planning, coordination, delivery, subsidy and evaluation of all services.

Advocates have conceptualized several different models. Some have argued for all child care-related programs to be moved from DSS to CDE, or vice versa. Others have considered moving child

care back to the Department of Health, where licensing was housed prior to 1978. Others have opted for a more indirect model, in which one state agency maintains a level of authority over the other; this can prove quite troublesome, however, if agency mandates are at odds. Other advocates have conceptualized a super-agency which incorporates all child care-related programs, including regulation, subsidies, and resource and program development. Finally, as part of the movement to consolidate all children's services, some have argued for placing child care responsibilities within the larger framework of a new, integrated children's services department. These alternatives, with their advantages and disadvantages, are briefly noted below.

Moving child care to DSS would result in the loss of funding standards, CDE's child development focus, the Proposition 98 protections for state-subsidized programs, and, probably, the programs operated by school districts.

Moving Child Care to DSS

From the perspective of those in the child care field, there would be three chief advantages of restructuring all child care services within DSS: the relatively positive view the field holds of the administration of licensing, the fact that the purview of licensing extends beyond subsidized programs, and the desirability of coordinating the regulatory and subsidy frameworks. The major disadvantage would be the potential spread of a negative "welfare mentality" to all of child care, an image which the child care field has worked hard to shed. Additionally, there is no logical "home" for child care within DSS, as child care concerns are already split between the licensing and subsidy management divisions of the agency. Finally, moving child care to DSS would result in the loss of funding standards, CDE's child development focus, the Proposition 98 protections for state-subsidized programs, and, probably, the programs operated by school districts.

Moving Child Care to CDE

Having child development programs housed in CDE has enhanced the status of child care, and (with the incorporation of all child development programs under the Proposition 98 umbrella) has granted child care a constitutionally protected financial status not easily acquired elsewhere. Indeed, it is fair to say that had there been an unfavorable outcome in the recent lawsuit, CTA v. Huff, a challenge to including all CDD programs under Proposition 98 whether operated by local school districts or not, there would be greater impetus to move child care out of CDE.[21] Of greater advantage is the fact that issues of quality and comprehensive family support services have always been of great concern within CDE programs, and such an emphasis certainly would be desirable for the entire child care system. Disadvantages of housing all of child care at CDE, on the other hand, include: continued concern over administrative problems, the limited concern for low-income families not served in contracted programs, the continued view of child development as less important than K-12 within the departmental structure, the current lack of capacity to perform the licensing function, the lack of consistent, open communication with the child care field, and the statutory inability to carry out some of the Title IV-A-related functions.

Moving Child Care to DHS

Some states house child care licensing within the Department of Health, and some in California have proposed returning this function there, as well as consolidating other child care-related functions in DHS. On the positive side, this would assist in linking child care with health-related services for children, and could potentially remove some of the licensing difficulties that programs have experienced in serving children with special needs. Consolidation at DHS would also avoid concerns about viewing child care as part of the welfare system; it could instead be viewed in much the same way as family health services, something that all families need, regardless of income. On the negative side, DHS personnel lack expertise concerning child care subsidies and professional child development expertise. Fi-

nally, a move to DHS would eliminate Proposition 98 protections for state-subsidized child care programs.

A Lead Agency with Authority Over Other Agencies

This structure would offer the advantage of enabling two or more agencies to work together, while not fragmenting responsibility to the extent that no agency remains ultimately responsible—as can happen easily with interagency efforts. The major disadvantage is that the respective agencies' mandates may often be at odds, making cooperation difficult. These mandates may derive from either the state or the federal level; if from the federal level, they are not easily changed.

A Super Agency Specifically Devoted to Child Care, with Cabinet-Level Status

The great advantage of this design would be the virtually complete coordination of all aspects of the child care system within one administrative entity. This in turn would likely improve communication, outcomes and consumer recognition. A major disadvantage would be the cost of creating a new administrative agency in a time of fiscal retrenchment; another is its questionable justification in light of economies of scale. Finally, it would be quite difficult to garner support from the bureaucracies now governing child care concerns, as they would be reluctant to relinquish substantial authority over programs and resources.

Others question whether existing, entrenched agencies will give up sufficient power to a new, untested agency which lacks a well-established constituency.

Child Care within a Children's Services Department

In a time of great proliferation and fragmentation of programs, a growing recognition of families' multiple and complex needs, and widespread calls for coordination and collaboration, the concept of an agency responsible for all children's services has become increasingly popular. As with all theoretical constructs, however, proponents are divided on the question of how to make it operational. Not surprisingly, major differences of opinion arise over which services ought to be included within such a department, and which should be excluded. The process seems particularly difficult in the case of child care services, which have ties to education, employment, health, and community development, to name only a few.

Others question whether existing, entrenched agencies will give up sufficient power to a new, untested agency which lacks a well-established constituency and array of political allies—in effect, arguing that such a department would prove relatively weak compared to present agencies. By contrast, others argue that such a design would centralize too much authority, creating a situation which lacks accountability and/or puts "all the eggs in one basket," subjecting children's services to the possibility of quick and easy elimination.

Perhaps of greatest concern to child care advocates is the problem of trying to combine child care (which has long struggled against being associated with a pathology or welfare model) with other services for families which are primarily corrective rather than preventive. When combined with such critical, even life-and-death, programs as foster care, child protective services, mental health services, and juvenile justice, child care might easily become a back-burner concern.

One proposal sponsored by Assemblyman Tom Bates, AB 2545, would have created a State Department of Children's Services. Unfortunately, when viewed from the child care perspective, the bill did little to unify the jurisdiction over child care, as all child care programs currently under CDE authority would remain there. Indeed, by specifying that the new Department would administer all "Child care programs, *with the exception of child development programs*" [emphasis added][22], the bill bolsters a view of child care as being separate from child development, a distinction we view as untenable. Some, however, view the bill

as a positive first step which, if proven successful, could be added to incrementally.

A more promising approach is now under way in New Mexico, which has established a new, overarching Children, Youth and Families Department. In addition to a number of boards and committees which advise the Secretary, the agency is divided into six divisions. The Preventive Services Division will house primarily child care concerns. It includes a child care bureau, responsible for all child care subsidies, a child care licensing bureau, and a child care food bureau. Additionally, the Division will include an Office of the Director and an Office of Child Development, responsible for staff quality, certification and training issues.[23] It also requires the development of community or regional councils to establish local priorities and service strategies, in order to enhance community-level decision-making and creative solutions.[24] We will watch the development of this very exciting model with great interest. It is important to remember, however, that New Mexico, with a population of less than two million, cannot possibly compare in complexity to California, as evidenced by the relative ease and speed with which New Mexico has accomplished such a radical restructuring.

In the long run, however, a new structure may be the most rational and effective approach for the state to take.

Bureaucratic and Political Realities

Given the current political and financial climate in California, there is a greater inclination on the part of the child care field to build bridges within the existing system, mandating coordination and collaboration between state agencies, at least as a start. Proponents of the current system of service delivery are well aware of its shortcomings, but argue that meshing and coordinating existing programs will succeed more effectively in California than starting an entirely new administrative structure for child care, at least at the present time. In the long run, however, a new structure may be the most rational and effective approach for the state to take.

The discussion which follows owes a great deal to the work of those seeking to implement Part H of the Early Intervention Services Provisions. As in the case of child care, advocates struggled for a workable interagency model which could comprehensively address the needs of families. We have adopted in whole or in part many of their suggestions because we feel they are of value to the child care field as well.

Key Assumptions for a New Administrative Model

- ***Resources must be dedicated to coordination and collaboration.***
  Any attempt to improve the current system will require new resources. New structures need adequate staff support to accomplish newly formulated goals and objectives. To succeed, coordination and collaboration cannot be seen as an after-hours concern, but rather as an integral part of day-to-day work.
- ***Additional resources must be dedicated to supporting our existing system.***
  Building bridges between systems which are themselves sinking from inadequate funding will result in throwing away money. Building on a pre-existing system can have the great advantage of cost savings, but these savings clearly depend on maintaining the existing foundation.
- ***Personnel must be employed who have experience with the delivery of various types of child care services.***
  The success of any administrative model is dependent upon the caliber of the personnel involved and the enforcement of standards of accountability.
- ***The new structure must take maximum advantage of existing services and providers.***
  The revamped system's objec-

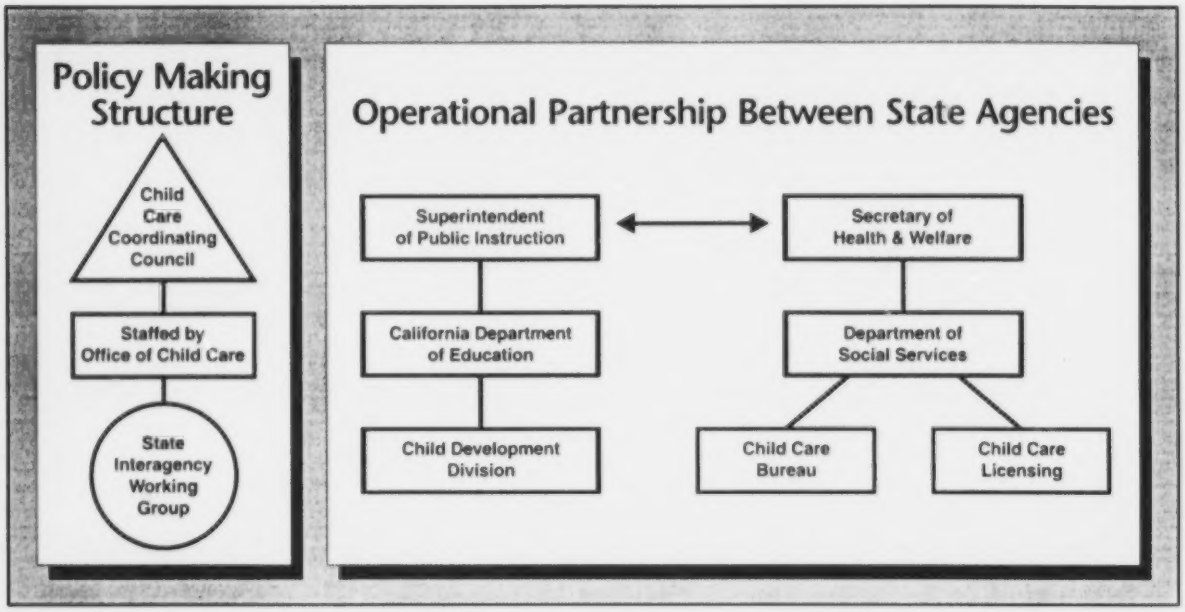
Policy Making Structure
Child Care Coordinating Council
Staffed by Office of Child Care
State Interagency Working Group
Operational Partnership Between State Agencies
Superintendent of Public Instruction
Secretary of Health & Welfare
California Department of Education
Department of Social Services
Child Development Division
Child Care Bureau
Child Care Licensing

Fig. 4–1—*State Level Policy Making Structure and Operational Partnership Between State Agencies.*

tive must be to maximize structures and programs currently in place, and to build the necessary structures to enhance the delivery system's effectiveness.

- ***The new system should be more decentralized and thereby closer to the people using it.***
  The structure will become more responsive to the communities it serves by incorporating a broader representation of voices and perspectives.

Key Components of a New Administrative Model

Partnership

The core of the administrative model proposed here does not delegate all child care activities to an existing state agency or create a new agency. Instead, it envisions shared responsibilities by the Secretary of Health and Welfare and the Superintendent of Public Instruction, with oversight by a broadly-based coordinating council supported by the staff of an Office for Child Care and assistance from a working group made up of representatives from several departments. (See Figure 4–1.) This model is necessitated by various federal law requirements, the historic placement of prekindergarten programs in CDE, and the enactment and interpretation of Proposition 98 funding guarantees. In order to make such a partnership possible, it will be necessary to develop specific legislative mandates which, while building on pre-existing functions, will set forth a more detailed allocation of responsibilities. This would include both mechanisms for coordination and collaboration and a framework for the working partnership. Primary administrative responsibility for subsidized child care services would remain with the Child Development Division of CDE. Interagency administrative operations would be addressed by state-level interagency agreements between state agencies and CDE.

The California Child Care Coordinating Council

The California Child Care Coordinating Council would be a representative body of a workable size, with half of its appointments made by the governor and half by the legislature. This would be an attempt to ensure its bipartisan nature and, hopefully, its effectiveness.

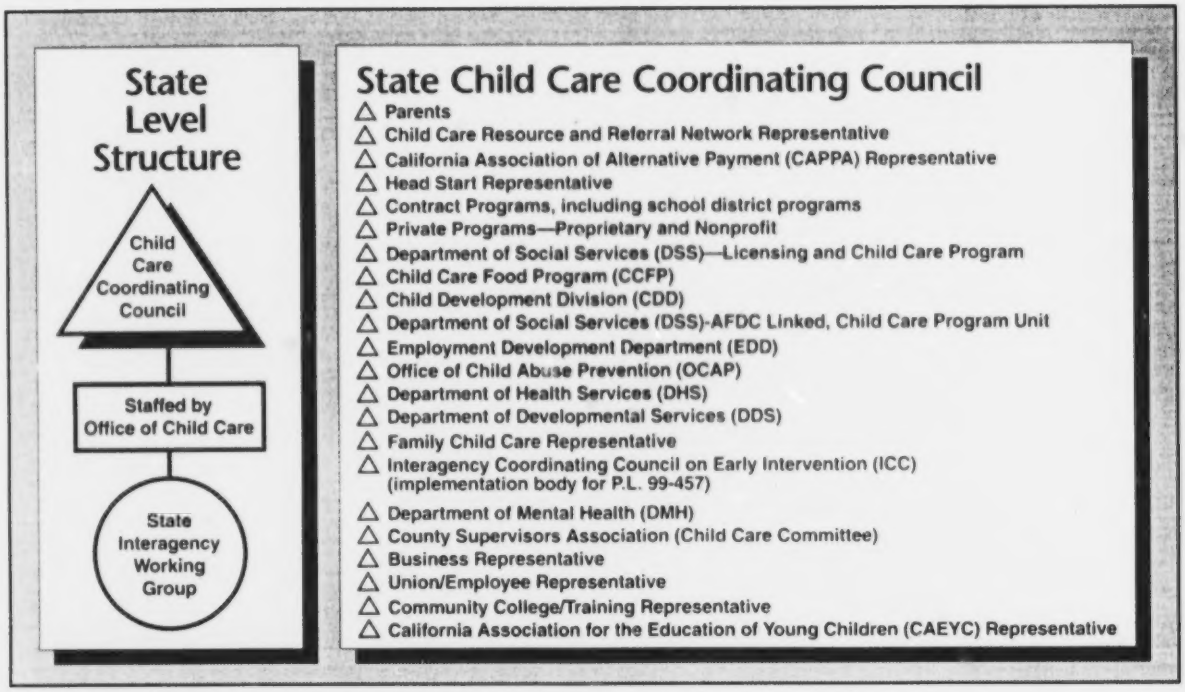
State Level Structure
Child Care Coordinating Council
Staffed by Office of Child Care
State Interagency Working Group
State Child Care Coordinating Council
△ Parents
△ Child Care Resource and Referral Network Representative
△ California Association of Alternative Payment (CAPPA) Representative
△ Head Start Representative
△ Contract Programs, including school district programs
△ Private Programs—Proprietary and Nonprofit
△ Department of Social Services (DSS)—Licensing and Child Care Program
△ Child Care Food Program (CCFP)
△ Child Development Division (CDD)
△ Department of Social Services (DSS)-AFDC Linked, Child Care Program Unit
△ Employment Development Department (EDD)
△ Office of Child Abuse Prevention (OCAP)
△ Department of Health Services (DHS)
△ Department of Developmental Services (DDS)
△ Family Child Care Representative
△ Interagency Coordinating Council on Early Intervention (ICC) (implementation body for P.L. 99-457)
△ Department of Mental Health (DMH)
△ County Supervisors Association (Child Care Committee)
△ Business Representative
△ Union/Employee Representative
△ Community College/Training Representative
△ California Association for the Education of Young Children (CAEYC) Representative

Fig. 4–2—*State Child Care Coordinating Council minimum membership list.*

Council members would be both geographically and ethnically representative of the State, as well as knowledgeable about child care. Membership would include, but not be limited to, representatives from the entities listed in Figure 4–2, combining the participation of the child care field and the relevant bureaucracies. The Council's chairperson would be a well-known and highly regarded figure who enjoys bipartisan support. The California Office for Child Care, which would provide staff support, would be answerable to the Council and Chairperson. The Office would be adequately staffed in terms of resources, personnel and expertise.

The Council's general function would be to provide oversight for all child care activity in the state, primarily those activities undertaken by state agencies. The Council would meet monthly. It would also be expected to advise the Child Care State Interagency Work Group, DSS and CDE in general, and the Child Development Division specifically, on the goals, objectives and priorities for California's child care system—with emphasis, although not exclusively, on the publicly-subsidized programs. This would eliminate the current situation in which the Child Development Programs Advisory Committee occasionally acts as a forum on AFDC-linked child care issues but has limited authority to advise DSS.

The specific responsibilities of the Council would be significantly broader than those of the current Child Development Programs Advisory Committee, which it would replace. These would include:

- developing a state child care policy, including overarching goals and principles, and serving as a guide for all child care decision making; this policy would reflect an understanding of child care as a necessary support for all families and a key to the state's economic development;
- developing annual and five-year plans for California's child care system, with a special emphasis on publicly-subsidized child care, identifying goals, objectives, priorities, strategies for phasing in

recommendations, and evaluation of efforts;

- providing an open forum for public discussion of issues related to child care services, including but not limited to publicly-subsidized child care, and holding public hearings throughout the state prior to the development of five-year plans and other major planning efforts;
- advising CDD, state agencies, and the Child Care State Interagency Work Group on the development, implementation and evaluation of all child care services, including but not limited to publicly- subsidized programs, and including but not limited to new expansion monies;
- identifying problems with the system and recommending solutions, including the sponsorship of legislation, recommendations for interagency agreements, and/or recommendations for seeking federal waivers as appropriate (for example, taking on the work of the AB 2184 Task Force); these problems can relate to licensing, administration, subsidies, etc.;
- responding to requests for assistance from state agencies and/or the Child Care State Interagency Work Group;
- acting as an information clearinghouse on child care issues for a variety of audiences—policy makers, employers, unions, child care programs, parents, etc.;
- acting as a link between state and local planning efforts, including assistance with the development of standardized needs assessments with the help of the California Child Care Resource and Referral Network, and standardized reporting of priorities;
- promoting public/private child care partnerships;
- reviewing current child care statutes and regulations and developing new statutory and regulatory proposals; and
- assessing child care training efforts in terms of needs, resources, evaluation, etc.

The responsibilities of the Council would be significantly broader than those of the current Child Development Programs Advisory Committee, which it would replace.

The Child Care State Interagency Work Group

This working group would be comprised of administrators working directly on child care issues from each of the relevant divisions within the major state agencies. Representatives from CDE/CDD and from the licensing division and child care bureau of DSS would meet regularly every month; other bureaucracies would have adjunct membership and would be brought in as issues arise. This would include representation from the Department of Health, Department of Mental Health, Department of Developmental Services, Economic Development Department, Department of Justice, Office of Child Abuse Prevention and so forth. (See Figure 4–3.) Additionally, absent a change in the program's structure, a Head Start representative should be asked to participate on an as-needed basis. To maximize effectiveness, the representatives designated to serve on the Child Care Coordinating Council should be the same as those designated here. The responsibilities of this group would include:

- implementing policies developed by the Child Care Coordinating Council;
- operationalizing mandates of the law;
- sharing information and seeking to coordinate internal policies such as data collection, budget change proposals, legislative proposals, draft regulation proposals, etc.;
- developing interagency agreements to facilitate service delivery, exchange of funds, data collection, maximized use of funds, etc.;
- reviewing complaints from the

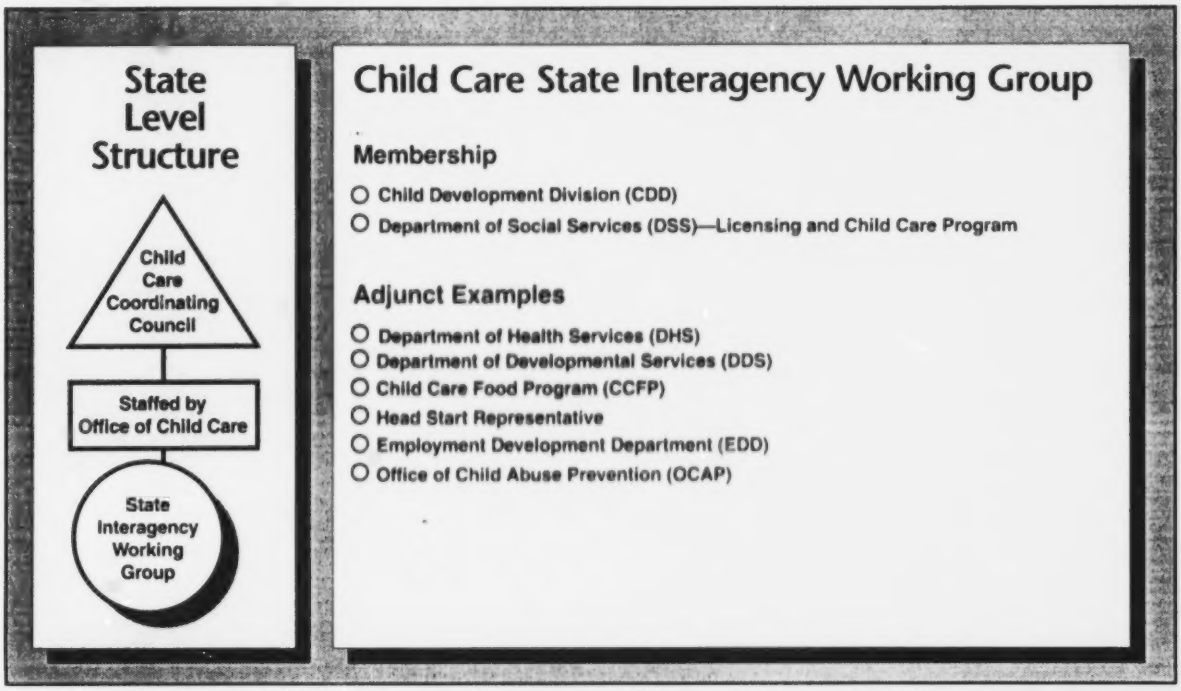
State Level Structure
Child Care Coordinating Council
Staffed by Office of Child Care
State Interagency Working Group
Child Care State Interagency Working Group
Membership
Child Development Division (CDD)
Department of Social Services (DSS)—Licensing and Child Care Program
Adjunct Examples
Department of Health Services (DHS)
Department of Developmental Services (DDS)
Child Care Food Program (CCFP)
Head Start Representative
Employment Development Department (EDD)
Office of Child Abuse Prevention (OCAP)

Fig. 4–3—*Child Care State Interagency Working Group membership list.*

field concerning interagency operation difficulties;

- forwarding appropriate issues to the Secretary and Superintendent; and
- reporting on a monthly basis to the Child Care Coordinating Council and providing information to the Council on an as-needed basis.

Such a working group is essential if we are to develop coordination between two major bureaucracies as well as attain an efficient administration of programs. Regular interaction is important so that agencies do not meet only when crises erupt and negative feelings are at their height. Such a working group should be legislatively mandated in order to ensure implementation.

Participating State Agencies

Each state agency will continue to administer its own internal operations, but will be expected to budget and operate in accordance with child care policies and goals developed by the Council. Agencies will also:

- participate in the Child Care State Interagency Working Group and the Child Care Coordinating Council;
- coordinate policy-making activities with other state agencies; and
- share relevant agency information which may impact other child care programs.

Reforms within CDE/CDD

In accordance with the development of a new child care administrative structure, the State Department of Education should be mandated to:

- Create greater adherence to predictable rules rather than administrative discretion by incorporating guidelines and the like into Title 5 regulations, and create more specific statutory frameworks for implementing Block Grant and IV-A At-Risk funds.
- Develop systems which help to stabilize contracting agencies, particularly in light of an increased emphasis on vouchers and certifi-

Regular interaction is important so that agencies do not meet only when crises erupt and negative feelings are at their height.

cates. This might include longer term contracts.

- Implement child care programs in a timely fashion; to the extent possible, programs should begin at workable times so that, for example, school-age child care programs are not initiated in May or June.
- Develop a specific technical assistance resource unit whose sole function is to work with child care organizations seeking contracts and those already operating under contract with the state; technical assistance would include administrative, financial and program management. Such a unit might also act as an information clearinghouse on non-state funds which are available to support California's child care programs.
- Increase the numbers of people knowledgeable about both administration and child development working in the field, promoting greater decentralization.
- Increase its emphasis on helping child care programs to develop infrastructure, facilities, training, etc., with priority-setting and evaluation mechanisms.
- Improve automation.
- Recommend strategies that reduce or streamline audit and reporting requirements imposed on contractors.
- Increase the capacity to use data gathered from the field for planning purposes.
- Improve the appeals system for child care consumers and providers.
- Work with the interagency group to develop audit/reporting systems which meet federal requirements but also serve state and local planning needs.

As we go about the business of implementing new delivery system initiatives over the next few years, evaluation is essential. Identification of the strengths and weaknesses of these new ventures should provide valuable information in determining the most appropriate, long-term state structure for the delivery of child care services.

A Local Structure for the Delivery of Child Care Services

Existing Local Structures

California continues to lack uniform local systems focusing on the delivery of child care services. Each county is served by at least one resource and referral agency, a county welfare department, a district licensing office (regional, rather than truly local), and a Local Planning Council (which may or may not still be in operation) created to set local priorities for the federal Block Grant. Some counties have established other bodies concerned with child care. One would be hard pressed, however, to describe these entities as well-systematized, and their responsibilities as well as their methods of coordination vary widely from county to county.

Resource and referral agencies are a basic building block for the local child care delivery system. These agencies, initiated in the 1970s, were promoted as a way "for state funds to assist all parents to find care, regardless of their income, and to assist public and private agencies, including corporate and business enterprises, to start child care programs or to understand the extent of the local need for care... There is an R&R agency in every county not only to help parents find care but to encourage the local growth of child care programs by recruiting new providers, assisting individuals and groups to obtain child care licenses, and soliciting corporate support."[25] Over the years, R&Rs have also been active in (1) training providers, (2) conducting local needs assessments, (3) providing local market rate data, and (4) planning and advocacy work at the local level, such as eliminating local impedi-

ments to supply, developing new resources, and improving coordination.

In many communities, resource and referral agencies have taken an increasingly broader role in child care activities. Many are actively involved in local child care advisory groups and, in some cases, act as the municipality's child care coordinator as well. Some R&Rs are housed in agencies that deal with or administer other child serving programs, such as child abuse prevention, Head Start, and programs for children with special needs. These R&Rs have developed local interagency relatioships that have proven to be valuable in serving the broader needs of families.

Local methods of addressing child care vary widely in their scope of concern, powers, representation and permanence.

Most localities also have an Alternative Payment program. APs are required to serve an identifiable geographic area approved by CDE, which may be identified by jurisdictional city or county boundaries, natural geographic barriers, streets, roads or ZIP codes.[26]

County Welfare Departments operate at the local level, and implement AFDC-linked child care guarantees. While some work closely with R&R agencies and APs to perform these functions, others operate independently and have virtually no interface with the existing child care system.

The same is true of Private Industry Councils which implement job training programs; some provide child care support to their trainees, and actively coordinate efforts with the local child care community, while others do little in this regard.

Each county also has an Office of Education. These offices, too, have varied dramatically in their level of involvement in child care. In some counties, R&Rs are housed in the Office of Education, and in some counties the office actually runs child care programs, but in others, involvement is minimal or virtually nonexistent.

In 19 counties, licensing of family day care is conducted by the county rather than the state. State Licensing itself has regional district offices which may cover more than one county.

Without any guidance from the state, and in the absence of significant state resources to support local efforts, some communities have begun to address child care issues through task forces, councils, commissions, staff positions and the like in recent years. Such communities have generally been motivated by a recognition of the urgency of child care issues, and the gaps in local service delivery that arise when R&Rs, county welfare departments and AP agencies are overextended. Local methods of addressing child care vary widely in their scope of concern, powers, representation and permanence.

Some communities have established Child Care Commissions; others have made child care one of many issues under the authority of a Children's Commission. Some have created permanent staff positions, supported through public funds; in others, the "staff" are unpaid representatives from the community, consultants, or staff members of an existing agency. While some communities have displayed a permanent concern with child care, others have developed *ad hoc* groups to address current concerns and disbanded them once a report was issued. Some of these efforts were supported by small local planning and coordination grants awarded by CDE in 1989.

In recent years, more and more municipalities have created child care coordinator positions—paid staff with the charge of working on child care issues from within local government. Still, there is little uniformity among cities and counties as to what such a position entails, in terms of the scope of duties and the skills required. The Child Care Law Center organized the first meeting of municipal child care coordinators in 1988, offering information on the roles which various arms of local government could play in child care; these coordinators, who have grown considerably in number, continue to meet each year.

In 1991, fledgling efforts were begun to develop a more uniform structure and mechanism for local input into the state's child care delivery system. The federal Child Care and Development Block Grant established a requirement for a local planning process to advise the state in its expenditure of Block Grant funds;[27] in response, counties were requested to create Local Planning Councils which would recommend local service priorities. The Councils required initiation by the County Board of Supervisors and the County Superintendent of Schools, although if either one did not wish to participate, the other could take sole responsibility, with appropriate sign-off. As described in the notice to counties, Council representation was to include, but not be limited, to:

- county and city government officials knowledgeable about local planning, child care, recreation, and child and family services;
- representative(s) of GAIN, Transitional Child Care, Community Care Licensing and Children's Protective Services;
- county Offices of Education and School Districts;
- training institutions, such as community colleges, offering child care and education course work;
- local child care resource and referral agencies;
- local government (city/county) child care coordinators;
- child care and Head Start providers and child development experts, including those currently serving children with exceptional needs;
- parents of varying income levels who use child care and early education services; and
- employers, unions and community organizations knowledgeable about child care.[28]

The Councils were also expected to reflect the racial and cultural composition of the county.

In order to establish local priorities, Councils were expected to consult with local R&Rs regarding supply data and to gather public input. They were also encouraged to develop funding priorities for Block Grant funds in the context of broader efforts for comprehensive child care planning, and they were therefore well-positioned to continue beyond their Block Grant priority-setting function. In a small sample survey conducted by the Child Development Programs Advisory Committee during the summer of 1992, however, only half of the Local Planning Councils were found to be still operating.[29] This may be due to a lack of funding, or to the prior existence of a body with a broader legislative mandate.

In thinking about the appropriate structures at the local level, it will be important to build on existing efforts. Issues to be addressed are:

- definition of the local level—i.e., some counties will need to be divided to ensure a workable operating area, and some may need to join to form a reasonable population density;
- the permanence of planning and coordination bodies, including staffing, funding, the extent of their oversight and/or control over local resources, and their representation, ensuring a workable size that is still reflective of community diversity;
- coordination between existing child care programs;
- coordination of the planning bodies with existing child care agencies and with municipal government;
- the local structure's relationship to state-level administrative structures;
- the relationship between R&R and AP when not housed in the same agency; and
- the relationship to other child and family serving planning agencies, boards and commissions.

Most localities still have a long way to go in order to achieve effective coordination of child care services.

Existing Local-Level Coordination

The extent of local coordination varies widely from county to county, as does coordination between city and county efforts in counties which include major cities.

In some communities, R&R and AP services are housed in the same agencies, which aids coordination. In others, commissions, advisory groups and the like have improved coordination efforts, but to varying degrees. Key factors which have promoted improved coordination are:

- a coordinating body of workable size;
- a body whose representation truly reflects the child care community and the local population;
- a body composed of knowledgeable people, rather than simply "political" appointees;
- representation from, or close liaison with, relevant local government departments;
- eliminating conflicts of interest;
- a legislative mandate.

It is important to note, however, that major impediments to R&R/AP coordination still exist in some communities. First, local R&R and AP service areas may differ because of the fluke of differing funding priorities at the time when funding was initiated, resulting in some areas not being served. Second, there are sometimes overlaps in the areas served by AP programs. Thirdly, conflicts can arise when AP agencies are controlled by those who also provide direct services.

Most localities still have a long way to go in order to achieve effective coordination of child care services, but with the advent of several major new child care programs, improved coordination has become imperative.

Proposed Local Structures

At the local level, we envision: (1) a child care planning and coordinating body, (2) an agency (or highly coordinated agencies) which can perform R&R, eligibility and payment functions, and (3) an expanded presence at the local level of CDD and licensing personnel.

Some underlying assumptions behind these proposed changes are:

- the need for increased power and responsibility at the local level over the delivery of child care services;
- the need for more uniform local planning and coordinating bodies which can interface with the state's new Child Care Coordinating Council;
- the need for visible focal points for consumers and providers to influence the child care delivery system and to improve administrative efficiency and convenience.

In addition, the coordination of local efforts among localities must be explored further. Regional activities encompassing several counties may be necessary in rural counties which lack resources, and in highly urbanized areas where parents live and work in different counties. Coordination between cities and counties will also be important in counties with numerous cities.

Local Child Care Planning Councils

We recommend an expanded and permanent role for the Local Planning Councils which were initially established to set Block Grant priorities. This should be accomplished through legislation clearly specifying the Councils' responsibilities and minimally required membership (see Figure 4–4); the councils could be supported through a state/local match. The Councils would represent the diversity of their communities; be chaired by a representative of their choice; be staffed by an office within county government, at least part of whose mandated focus is related to child care; and meet monthly. They would be responsible for:

- updating priorities for child care funds, not only Block Grant funds;

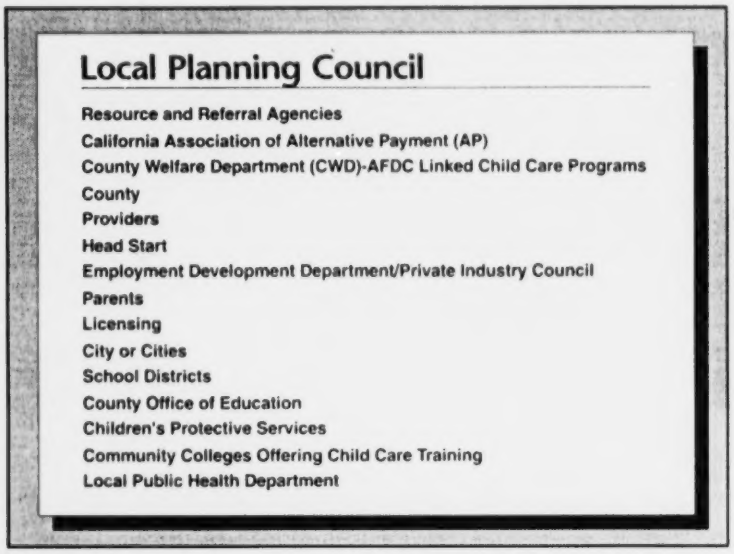

Fig. 4–4—*Local Planning Council membership*

- engaging in child care planning, which would require gathering information from a variety of sources (including, but not limited to, local R&R data), assessing gaps, making recommendations to eliminate duplicated efforts, developing periodic child care plans and evaluations, and sharing this material locally and at the state level;
- providing a forum for information-sharing;
- providing regular input to the Child Care Coordinating Council;
- problem-solving;
- developing funding sources for child care at the local level;
- acting as a clearinghouse for combined local data from R&Rs, local government, employers, etc.; and
- increasing awareness of and activity in child care issues within county government, including economic development, planning and business development departments.

While some advocates favor a greater local role in the administration of subsidies, most recognize the inherent difficulty of selecting grantees when those making the selection are either from the child care community or closely tied to it. In such a case, cutthroat competition would quickly replace collaboration. While much can be improved in terms of fairness and equity in letting out contracts at the state level, most believe, as we do, that the administration of funds should remain at the state level. Still, a state-level contracting process will be much improved by receiving greater local input about community needs and priorities.

Recommendations for Improvements in R&R Agencies

While retaining R&Rs as a major element of the local delivery system, we envision several necessary improvements:

Recommendations

- improved visibility and outreach in local communities, particularly minority communities;
- improved capacity and accessibility through the creation of additional branch offices, where necessary, because of geographic barriers, large service areas and the like; barrier-free locations convenient to public transportation; and employment of staff reflective of the community;
- stronger coordination of efforts with local county welfare departments, district licensing offices, local public health departments, Child Protective Services and community-based organizations, particularly those serving minority, low-income communities and families with special needs children;
- improved automation;
- improved training of counselors to provide accurate information on subsidies;
- expanded recruitment and training of child care providers, particularly for geographic areas and

groups with an identified lack of services;

- expanded referrals to other community resources as appropriate;
- transfer of direct services to other agencies wherever there is sufficient local capacity for their provision elsewhere, in order to ensure impartiality of referrals and reduce conflict of interest in funding cycles (note: may not be possible in small, rural communities);
- creation of grievance committees to work with parents and providers;
- unification of R&R and AP programs within one agency wherever possible with sufficient resources to make the R&R the local "one stop" child care location; and
- required representation of R&R agencies on Local Planning Councils.

AP/Subsidy Management Agencies

As noted above, AP/subsidy management agencies should merge with R&Rs wherever possible; at the very least, they should co-locate and/or improve coordination of their respective tasks.

These management agencies would:

- be located in every county or county subdivision so as to be fully accessible;
- receive, manage and disburse all child care subsidies, including AFDC-linked subsidies not going directly to contracted programs;
- collect and report necessary data to local planning councils as well as to DSS and CDE;
- be represented on Local Planning Councils;
- improve automation;
- establish grievance committees to respond to parents and providers; and
- transfer direct services whenever there is sufficient local capacity for their provision elsewhere, in order to ensure impartiality of referrals and reduce conflict of interest in funding cycles (note: this may not be possible in smaller, rural communities).

Proposed Local Coordination

The primary vehicle for local coordination would be the Local Planning Councils described above. Such bodies would provide a broad-based forum and working group on child care issues in every county, and as an important first effort, would work on coordinating their activities with all the existing individual players in a community. The merging or co-location of AP and R&R programs would also improve local child care coordination.

Conclusion

Reforming our current delivery "nonsystem" is absolutely imperative if we are to accomplish many of our other goals in child care. Reform will not be easy. It will require movement by entrenched bureaucracies and the development of new systems as yet unexplored. It will require determination, creativity and persistence from all of those who care about the children in child care, now and in the future. Whatever the effort involves, we believe it will be worth it.

Recommendations

Federal Level

- Establish a national child care policy with guiding principles.

- Incorporate into any new federal child care programs a required period for state and local level planning, in order to integrate new funds into the pre-existing system. Provide financial support for such planning.
- Review eligibility gaps and inconsistencies between programs, such as periods of job search; review problems with income disregard; evaluate the child care needs of, and availability of services to, parents reaching the end of Transitional Child Care.
- Improve Transitional Child Care through automatic eligibility, and the frequency and nature of notice in order to improve utilization.
- Re-examine the Child Care and Development Block Grant and Title IV-A to eliminate conflicting mandates, as well as the limitation that IV-A dollars be administered by a state IV-A agency.
- Improve mechanisms for accountability; i.e., not merely "counting numbers," but developing reporting methods which actually determine the usefulness of programs.
- Change federal legislation in order to require Head Start to establish official state contacts who would participate in state-level structures for the delivery of child care services—i.e., a contact with official authority to undertake coordination and collaboration efforts with other entities, and who would designate an official local contact (or contacts) to serve on local child care planning councils.
- Amend the Block Grant statute to ensure that child care services are not considered income for purposes of other public benefit programs.
- Foster seamlessness of child care services through a coordinated re-examination of:
  - rates issues;
  - sliding fee scales;
  - definitions of child age groups and needs;
  - categorical and income eligibility of families;
  - eligibility of providers;
  - methods of payment;
  - local shares of funding;
  - program standards;
  - frequency of certification;
  - reporting requirements; and
  - payments for absences and breaks in activities.

State Level

Administrative Structure

- Initiate leadership on the part of the Governor to assist the relevant departments in coordinating child care efforts.
- Establish a California Child Care Coordinating Council, staffed by an Office for Child Care. The Council would serve as a central child care planning body and data source, and would represent child care in collaborative enterprises with other children's services (see above).
- Establish a State Interagency Work Group (see above).
- Undertake reforms within CDE/CDD (see above).
- Provide an increased level of technical assistance to contractors and Local Planning Councils.
- Promote parental involvement in the policy arena, through representation on the Child Care Coordinating Council and the expanded use of public hearings throughout the state.
- Promote the involvement of child care providers and administrators in the policy arena, through training which includes a focus on child care policy and advocacy.

Parental Choice

- Improve the ability of R&Rs to assist parents in making meaningful child care choices.
- Support parenting education programs.
- Review the legal implications of using public funds for license-exempt care.
- Examine implementation issues for a complaint system for exempt care.
- Review the implications of federal financial participation to individual providers.

Clarity to Users

- Develop an overarching state child care policy which emphasizes the needs of families, rather than of parents or children.

Seamlessness of Services

- Expand the charge of the 2184 Task Force to include examining the integration of all state and federal subsidies.
- Explore the possibilities of pooling funding.
- Develop automated systems for coordinating funding streams.
- Develop more consistent and sensible contracting and reporting procedures.

Local Level

Administrative Structure

- Maintain Local Planning Councils, and expand their scope beyond determining Block Grant priorities to an examination of needs, resources and priorities for all child care services. Councils should also ensure that local needs assessments are conducted, down to the neighborhood level; develop working agreements with R&Rs, AP coordinators and other entities operating at the local level; play a role in monitoring the effectiveness of current grants (i.e., not in terms of evaluating individual programs, but assessing the rationality of service delivery); and include parent representation, as well as membership reflecting the ethnic and geographic diversity of the community.
- Provide support to enable Local Planning Councils to become institutionalized. The Councils should be supported by a state/local match, with a lesser local match required in lowest-income counties.
- Staff an office within county government which would have at least part of its mandated focus a relationship to child care.

Clarity to Users

- Create a single point of entry to the child care system for consumers housed at local R&Rs, as well as a single application form.

Resource and Referral Services

- Create R&R branch offices where necessary in order to serve smaller service areas.
- Increase outreach efforts to publicize R&R services.
- Consider both immediate and longer-term issues when providing guidance to parents on "best" child care choices.
- Provide information to parents on all subsidized programs, and determine eligibility if possible. (If not, the determination of eligibility by another agency should include immediate referral to R&R services, matching eligibility with funding sources, and assistance in applying for programs.)

End Notes

[1] See *Conditions of Children in California*, Policy Analysis for California Education (1989), 91; and *A Report to the Governor of California*, Child Care Task Force (1985), 113.

[2] *Child Care and Development Services*, Report of the Commission to Formulate a State Plan for Child Care and Development Services in California, 1978, Recommendation 26, p. 52.

[3] Carol Perroncel, *Child Care and Early Education in Kentucky, Tennessee, Virginia and West Virginia*, Appalachia Educational Laboratory (November 1990), 2.

[4] See for example, California Education Code §§8202(e), 8212 and 8220.

[5] 45 C.F.R. §98.30 (Block Grant), 45 C.F.R. 257.40(b)(IV-A At Risk), 45 C.F.R. §255.3(c) (JOBS/FSA), and 45 C.F.R. §256.4(a) which incorporates by reference the parental choice language of JOBS (TCC).

[6] Toni Porter, *Just Like Any Parent: The Child Care Choices of Welfare Mothers in New Jersey* (New York: Bank Street College, December 1991), 29.

[7] California Health and Safety Code §§1596.792 and 1596.807.

[8] 45 C.F.R. §98.32.

[9] Rehabilitation Act of 1973, 29 U.S.C. §794.

[10] See *Conditions of Children in California*, 91; and *Child Care in California: Facts to Face..Choices to Make..*, League of Women Voters of California (1988), 8.

[11] Richard Weissbourd, for the Executive Session on *Making the System Work for Poor Children*, Harvard University, Kennedy School of Government (November 1991), 6.

[12] Jerry Friedman, quoted in Family Impact Seminar, *Child Care in the 101st Congress: What Was Achieved and How Will It Work*, Golonka *et al.*, iii.

[13] Marian Wright Edelman, "Letter to Senator John D. Rockefeller, IV," Appendix C: Additional Views, in *Beyond Rhetoric: A New American Agenda for Children and Families* (Washington, DC: 1991), 461.

[14] *Taking Care: State Developments in Child Care* (Washington, DC: National Governors' Association, Center for Policy Research, 1990), 12.

[15] California Education Code §8286.

[16] California Health and Safety Code §1596.873.

[17] California Education Code §8286.

[18] Executive Department of California, Executive Order W-1-91, January 8, 1991, Section 1(b)(5).

[19] Heidi Strassburger, *Implementing the Child Care Provisions of the Family Support Act of 1988*, February 2, 1989.

[20] Letter from Governor Pete Wilson to Superintendent Bill Honig, August 14, 1992; Letter from Superintendent Bill Honig to Governor Pete Wilson (Sacramento: September 1992).

[21] *CTA v. Huff,* (1992) 5 Cal. App. 4th 1513, 7 Cal Rptr. 2nd 699.

[22] AB 2545, amended May 26, 1992, p. 6, line 27.

[23] Director Wayne Powell, New Mexico Governor's Task Force on Children, Youth & Families, communication with the author, October 2, 1992.

[24] Chapter 57 of the Laws of New Mexico, enacted 1992.

[25] California, Senate Office of Research, *Flexible, Varied and Imperfect: Child Care in California* (Sacramento: January 1987), 4.

[26] California Education Code §8220.2.

[27] Section 658D(b)(2) of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508).

[28] Letter from the California State Department of Education to Chairpersons, County Boards of Supervisors and Superintendents, County Boards of Education, regarding local planning process for the federal Child Care and Development Block Grant (Sacramento: May 8, 1991).

[29] Child Development Programs Advisory Committee, Sacramento, communication with the author, October 2, 1992.

Chapter Five

Developing Resources For Child Care:

Beyond the Bake Sale Mentality

"As our program has developed, one of its main problems has been an inability to fill the gap in the middle for people who aren't eligible for assistance, but who without at least some [help] will consider after-school care a marginal need [that is] hard to pay for. So we can be criticized in some ways for ending up with two extremes: two-parent professional families who can afford good child care, and poor single parents who can't, and must be heavily subsidized."[1]

—Director of a school-age child care program

Community and Opportunity (CO), a community-based organization in a low-income neighborhood, has identified the need for a high-quality child care program for the children living in the area, one that would also lend support to parents joining the labor force. Most of the sites it has found, however, would not meet licensing requirements, and the few that do are located in areas that would present serious security problems. As a result, CO would prefer to build a new facility; it would have the advantage of being built specifically for child care, would be lead-free, and would meet the new requirements of the Americans with Disabilities Act (ADA). But the agency lacks access to the kind of financing, and operational subsidies, that such a project would require. At the moment the project is on hold—despite a real need, a committed organization and a plan.

Introduction

At present, like all other states, California lacks a real financing *system* for child care. Instead, there are a variety of *ad hoc* funding streams at each governmental level which vary in their purposes, duration, mechanism and source, and which are created with little thought to pre-existing funding.

At the program level, most child care services are forced to operate on a shoestring, whether they utilize public subsidies or not.

At the program level, most child care services are forced to operate on a shoestring, whether they utilize public subsidies or not. Parent fees are most often the primary source of revenue, and many parents have a limited ability to pay more for child care, given other fixed costs in the family budget. As a result, it is a rare program that enjoys the luxury of not operating hand to mouth, and not having to raise operating funds by holding bake sales, or by selling raffle tickets, candy and Tupperware. It is time that the financing of child care be taken seriously enough that providers need not plead for pennies.

As the previous chapters make abundantly clear, California needs additional resources—in addition to improving and expanding current resources—to meet its increasingly complex child care needs.

Briefly, Chapter I, a discussion of unmet child care needs, called for additional resources to:

- conduct ongoing needs assessments;
- expand the level and number of child care subsidies; and
- create a supply of services to meet the needs of special populations of children.

Chapter II, discussing child care quality, emphasized that without additional resources we will be unable to:

- maintain and improve child care standards;
- train staff;
- improve facilities;
- upgrade enforcement; and
- raise reimbursement rates.

Chapter III, an examination of the child care staffing crisis, called for additional resources to:

- upgrade salaries;
- make reimbursement rate adjustments to meet the full cost of adequate wages;
- improve benefits and working conditions; and
- improve and expand the availability of training.

Finally, Chapter IV, on California's child care delivery system, highlighted the need for resources to:

- support coordination and planning efforts at the state and local levels, and among state bureaucracies;
- enhance automation; and
- provide technical assistance to local-level players, including R&R agencies, payment agencies and providers.

In some cases, these recommendations—in particular, those related to streamlining the present delivery system—will actually generate cost savings through improved efficiency. Nonetheless, even in that instance, it is prudent to consider developing additional resources in order to ensure that the system is sufficiently well-organized to maximize all available dollars.

Some policy makers incorrectly assumed that the recent infusion of new federal child care funds, described in greater detail below, would be sufficient to meet all the system's needs. This could not be further from the truth. While these new funds are critically important, and have begun to have a significant impact, they will not solve child care's resource problems alone, for three major reasons:

1) Federal support alone cannot assure affordable, quality child care to all families who require it, even if we limit our concern to low-income families.

2) Certain aspects of the child care system which require support are not fundable, or are funded inadequately, with federal dollars.

3) While Block Grant guidelines explicitly forbid supplanting state dollars with these new federal dollars, states can elude this prohibition with "creative" accounting methods that advocates find difficult to track.

The range of funding needs, and the current financial situation, call for creative responses on the part of every sector: government at all levels, private employers, charitable institutions, philanthropies and parents. No sector alone can carry the burden of providing the necessary resources for child care; each must become involved to the extent that it is able. And while the existence of numerous funding streams can create great complexity and confusion (see Chapter IV's discussion of "seamless" systems), most advocates believe it is better to maintain some level of diversity, with some reasonable consistency of requirements, than to "put all the eggs in one basket." Not only are smaller amounts of money easier to obtain, given our political and financial climate, they are also less destabilizing if eliminated. If these smaller amounts are thoughtfully developed, they can create an interwoven network of funding streams without holes or duplication.

No sector alone can carry the burden of providing the necessary resources for child care; each must become involved to the extent that it is able.

It is important, too, to recognize that no single area in need of funding can be tackled first; instead, all areas must be addressed simultaneously, even if this limits the pace of progress. For example, to pump greater subsidies into the system to increase its affordability will not automatically address resource constraints in facilities or staffing, just as it will make little sense to fund new facilities without also providing additional resources for the subsidies necessary to operate them. A major study conducted in Massachusetts found that while capital subsidies make it easier for providers to start programs, and thereby increase the availability of child care, they had little effect on the affordability problem, which is most closely related to operating costs.[2]

We must attend to child care financing not only because of the need for additional resources, but because, in our system, financing has a tendency to drive the direction of everything else. As one commentator noted in discussing similar problems of financing school-linked services, attention to funding issues is also important because "*methods* of financing affect the *nature* and *outcomes* of services. The way in which funds are made available for services helps to determine their priorities, shapes the incentives that drive service systems, and ultimately can influence how useful services are to families."[3] There is a strong tendency, for example, when developing entitlement programs such as AFDC-linked child care, to narrowly restrict reimbursement rates, along with categorical and income eligibility, whereas part-day discretionary programs are typically funded at higher levels.

This chapter reviews the child care funding sources currently available, critical issues in funding, and a variety of innovative funding sources and financing mechanisms now emerging.

Current Child Care Funding Sources

The inadequacy of child care data becomes readily apparent when one tries to determine how much money is spent on child care in California and from where this money is derived.

The inadequacy of child care data becomes readily apparent when one tries to determine how much money is spent on child care in California, and from where this money is derived. With this caveat, however, we can state that funding for child care comes from all sectors: from the public sector, at the federal, state and local levels, including subunits of each level; from private sector organizations including employers, unions, nonprofit agencies, foundations, and charitable and religious groups; and from the fees paid by parents. The financing of child care, therefore, is much more akin to post–secondary education, rather than the K-12 school system.

Parents still pay the lion's share of child care costs. A national estimate in 1989 indicated that out-of-pocket expenditures by parents accounted for about $8 billion (excluding such indirect federal subsidies as tax credits), while government accounted for $3.6 billion, and employers, unions, churches and charitable organizations accounted for about $1 billion.[1] There are many different sources of money for child care, each with its own particular focus. One can examine these subsidies from a variety of perspectives: whether they are delivered to consumers or to child care providers, whether they are direct or indirect, whether they are "supply-" or "demand-" oriented subsidies, or by which level or branch of government they are administered.

The following narrative lists the various child care funding sources under the categories of direct subsidies (to consumers and providers) and indirect subsidies. We chose this approach partly in order to show the complexity that parents and programs face in determining what sources of funding are available to them.

Direct Subsidies to Consumers

Child Care and Development Block Grant (CCDBG)

This 1990 federal legislation requires that 75% of each state's grant must be spent on direct services to families. Eligible parents must be working or in training, or clients of Child Protective Services; have a child under age 13; and earn 75% or less of the state median income.

AFDC-Related Child Care Payments

Several forms of subsidy are available to recipients of Aid to Families with Dependent Children (AFDC) under the federal Family Support Act of 1988:

Child Care Income Disregard

(Title IV-A). Child care is an allowable work expense under the AFDC program; recipients must purchase child care with their own earnings, and are then reimbursed through adjustments to their monthly AFDC grant, in the amount of $175 per month per child age two or older, and $200 per month per child under age two. This funding mechanism has had limited usefulness, however, since it requires families with few resources to make up-front child care payments. In addition, the allowable amounts do not come close to meeting the market cost of decent-quality full-time child care in California.

GAIN/JOBS

(Title IV-A). The Family Support Act greatly expanded the availability of child care services to families participating in mandated employment and training (JOBS) programs; California's JOBS program is called GAIN (Greater Avenues

Parents still pay the lion's share of child care costs.

for Independence). State agencies must guarantee child care by providing the care directly; arranging the care through providers by use of purchase-of-service contracts or vouchers; providing cash or vouchers in advance to the caretaker relative in the family; reimbursing the caretaker relative in the family; or adopting such other arrangements as the agency deems appropriate. This guarantee applies when care for a dependent child under age 13 is necessary to allow an AFDC-eligible family member to accept or retain employment, or to participate in an approved JOBS education or training activity. The state must reimburse the cost of child care up to a 1.5 standard deviation from the mean cost of care. This approximates payment at the 93rd percentile of the market rate.

NET

(Non-GAIN Education and Training). As of July 1, 1992, as the result of a lawsuit, *Miller v. Carlson*[5], California is required to make child care assistance available to families who are on AFDC and who participate in approved education and training programs, but who are not enrolled in the GAIN program because GAIN services are unavailable. Child care is paid at the 75th percentile of the market rate to parents who meet the following criteria: (1) the parent must be enrolled in, or accepted to, an education or training program, and must be making satisfactory progress as defined by the school or program; (2) the program must be likely to lead to a job in demand in the parent's county; (3) the parent must be within two years of completing the program; (4) the parent must not be already "employable," and cannot already have a bachelor's degree; and (5) the parent must attend the school or training full-time, or have a good reason for attending part-time. These criteria are based on an interim court order; they could ultimately be changed by the permanent order. NET is an entitlement, and cannot be denied to families who meet the five criteria.

Transitional Child Care

(TCC) The Family Support Act also requires states to pay for child care for families whose AFDC eligibility has ceased because of increased employment hours or earnings, or loss of income-disregard due to an expiration of the time limits. This "transitional" child care benefit is available to eligible families for 12 consecutive months, beginning with the first month for which the family is ineligible for AFDC. The state must require each family to contribute toward the payment for such care, based on the family's income and size. The state's contribution to the TCC program is matched by the federal government at the state's Federal Medical Assistance program (Medicaid) rate.

Title IV-A At Risk Child Care

This program, which for California requires a 50-50 federal and state match, is designed for low-income working families at risk of AFDC dependency. Families are eligible who: (1) are not receiving AFDC, (2) have a family member who is employed, (3) require child care services for a child under the age of 13, and (4) have incomes not exceeding 84% of the State median income level, adjusted for family size, at the time of initial enrollment. This program also limits federal financial participation in reimbursement rates to the 75th percentile of the regional market rate.

Alternative Payment Program

The California Department of Education/Child Development Division funds a vendor/voucher system to enhance parental choice; families can use funds to pay for care in a center, a licensed family child care home, the home of a license-exempt provider, or the child's own home. The family selects a provider, and an Alternative Payment contracting agency pays the provider directly. Eligibility guidelines are the same as for the state's General Subsidized Child Care services (see below, "Direct Subsidies to Programs").

Ideally, some of the direct subsidies to parents described above would gradually decline as more indirect subsidies such as tax credits increased, leaving no one without necessary assistance.

Job Training Partnership Act (JTPA)

This federal law provides funding for programs to prepare economically disadvantaged youth and unskilled adults to enter the labor force, and to provide job training to those in special need of such training. No more than 15% can be spent for supportive services, including child care, health care and transportation.

Assistance to Low-Income Students

Under the Vocational Educational Act of 1963, the U.S. Department of Education provides child care grants to states for participants in local vocational education programs; funds are specifically set aside for single parents and homemakers, and for participants in programs designed to reduce gender stereotypes. A second U.S. Department of Education funding source, the Pell Grant Program, provides need-based post-secondary grants to students from low-income families, with child care defined as one of the allowed attendance-related costs.

Current funding levels for many of these programs can be found in Appendices A, B and C to Chapter I.

Ideally, some of the direct subsidies to parents described above would gradually decline as more indirect subsidies such as tax credits increased, leaving no one without necessary assistance. As one commentator has noted, however, "millions of income-eligible working poor families are shortchanged. Theoretically, using the present sliding-scale subsidy guidelines, direct subsidy should decline as family income increases, intersecting with the tax credit at or about the median income level (adjusted for family size). At this juncture, parent fees pay the full cost of care and any subsidy would be derived indirectly from the tax credit. However, the curve that should exist from direct subsidy to indirect subsidy is a vast gray area that remains a political hinterland yet to be explored by child care advocates."[6] In large measure, this is due to the fact that direct subsidies reach such a small fraction of those in need, and indirect subsidies are "too little, too late." A similar situation arises when individuals move from the child care subsidy in GAIN to the Income Disregard—a precipitous, rather than gradual, decline in subsidy. It is a rare individual who can actually maintain the same child care provider during the transition from GAIN to Income Disregard to TCC.

Direct Subsidies to Programs

Child Care and Development Block Grant

This 1990 federal program (see above, under "Direct Subsidies to Consumers") also allocates funds to child care programs to increase the supply of early childhood and before- and after-school programs, and to improve the quality of services through such activities as enhancing staff compensation and training, or upgrading facilities to meet state licensing standards.

Head Start

The federally-funded Head Start program offers a compensatory educational model of child care, mandating that programs provide comprehensive health, educational, nutritional, social and other services free of charge to economically disadvantaged children primarily ages three to five. Head Start programs are administered by local agencies; funds are distributed in the form of competitive grants, with local grantees providing an amount equal to 20% of the federal share.

General Subsidized Child Care

The California Department of Education/Child Development Division (CDE/CDD) contracts with child care centers to provide services for families with children ages 0 to 13 who are eligible for subsidy in this order of priority:

1) children who are abused, neglected or at risk; 2) lowest-income families who are working or in training programs. Families pay for care on a sliding fee scale based on income; children referred by Child Protective Services attend free of charge.

State Preschools

Funded through CDE/CDD, this is a developmental preschool program for children ages three to five, including parent education and participation, as well as health, nutritional, social and psychiatric services for children and families. It is open to low-income families free of charge; abused or neglected children have top priority.

Ideally, some of the direct subsidies to parents described above would gradually decline as more indirect subsidies such as tax credits increased, leaving no one without necessary assistance.

Migrant Child Care

CDE/CDD and federal funds have established child care programs for children of migrant farm workers, located in state-owned migrant housing camps and other facilities, and operating during peak agricultural periods. Eligibility guidelines are the same as for General Child Care.

School-Age Parenting and Infant Development (SAPID)

This CDE/CDD program for parents enrolled in high school offers developmental child care services for children, parenting education and career counseling. No fees are charged to participants.

Campus Child Care

CDE/CDD and some university funds subsidize certain campus-based child care centers; to receive subsidy, parents must meet the same guidelines as for General Child Care.

Respite Care

CDE/CDD also funds short-term care for abused or at-risk children, who must be referred by legal, medical, social service or other community agencies.

School Age Community Child Care Programs

Also known as Latchkey or SB 303 programs, these provide before- and after-school child care, with priority given to children in grades K-3. Programs are to serve an equal mix of subsidized and unsubsidized children. Most programs are operated on or near school sites by school districts or by nonprofit agencies.

Indirect Subsidies

Dependent Care Tax Credit (Federal)

This credit, the single largest public subsidy for child care, offsets the cost of qualified work-related child care expenses, based on families' adjusted gross income. The credit may be taken against maximum qualified child care expenses of $2,400 for one child, or $4,800 for two or more children. Families with adjusted gross incomes of up to $10,000 receive a 30% credit; those with incomes between $10,001 and $28,000 receive a credit which decreases by 1% (from 30%) for every $2,000 increase in adjusted gross income; and those with incomes over $28,001 receive a 20% credit. The credit is also available for the child care costs of physically or mentally disabled dependents.

Credit for Child and Dependent Care Expenses (CA)

In addition, California allows families a credit equal to 30% of their federal Dependent Care Tax Credit. This credit will not be available after the 1992 tax year unless new legislation is passed in California.

Unfortunately, virtually no one can access the maximum credit of $1,440, since a family earning under $10,000 cannot pay $2,400 to $4,800 for child care. Additionally, neither the federal nor California credit is refundable, making them of very limited use to low-income families.

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Dependent Care Assistance Programs (DCAPS)

Under federal tax provisions in effect since 1982, dependent care assistance may be provided by an employer to employees through tax-free DCAPs. This benefit is capped at $5,000 per employee. Most employers who implement DCAPs have chosen to offer them as a salary reduction plan, which allows employees to be reimbursed for child care costs by reducing their salary and receiving the benefit in nontaxable dollars. DCAPs primarily help higher-income families; the $5,000 salary reduction is worth only $750 in tax savings to a family in the 15% tax bracket, but worth $1,400 to families in the 28% bracket. The disparity is further compounded by the low use of this benefit in small companies, where a majority of low-income women work.

Tax Assistance to Employers

California is one of at least 13 states that have enacted child care-related tax credits for employers. A Child Care Program Credit is available to employers who establish a child care program or construct a child care facility in the state for use primarily by their employees. A Child Care Contribution Credit allows employers to deduct 50% of their contributions to a qualified Dependent Care Assistance Plan. A companion tax credit (SB 1863, Chapter 816), extending the credit to building owners and developers who incur construction expenses for an on-site or near-site child care facility, was signed into law in 1992.

Child Care Food Program

This program, administered by the U.S. Department of Agriculture, helps states provide nutritious meals to children in child care programs. Reimbursement for food costs has helped, in particular, to lower family child care costs, and has been credited with bringing many family child care providers into the regulated system. Participating providers receive training, monitoring visits, and nutrition education.

Resource and Referral Services (R&Rs)

Local resource and referral agencies, located in each California county, receive a base of their funding through CDE/CDD. They counsel parents about how to find child care, and coordinate a variety of resource-building and training activities for the child care provider community.

Community Development Block Grants

These grants, administered by the federal Department of Housing and Urban Development, allow for a variety of community development activities, including several which relate to child care.

Dependent Care Block Grants

The federal Human Services Reauthorization Act of 1984 (P.L. 98-558) provides grant funds for the planning, development, expansion and improvement of dependent care resource and referral services and school-age child care services. Funds require a 25% state or local match.

Funding for Facilities

A variety of other federal, state and local mechanisms have provided for child care facility development in public housing, federal and state office buildings, and other locations.

P.L. 99-457

This federal law provides funding for early intervention services for children with disabilities from three to five years of age, and for planning grants to states to plan for services for children under age three. While child care is not a mandated service to this population, the law requires that an individualized family service plan be established for

each child; parents can identify child care as a necessary component of such a plan.

While they do not fit neatly into the categories described above, it is useful to mention various supports for non-market care which allow parents to stay home to care for their own children, as well as general income supports to families which allow them more flexibility in choosing care and more disposable income to allocate to child care services. These supports include payments for pregnancy disability, the federal Earned Income Tax Credit, the federal "Wee Tot" Earned Income Tax Credit Supplement, the Infant Tax Credit (California) and the dependent exemption for income taxes.[7]

Critical Issues in Funding

The Cost of Quality Care

In thinking about how much money is needed to support the child care system, and in assessing the affordability of child care to parents, it is critically important to examine what affordability really means and what child care really costs. Current financing mechanisms have tended to give parents insufficient choices in the existing marketplace, to depress the rates which can be charged in the marketplace, to force child care programs (i.e., child care workers) to continue "subsidizing" services themselves, to eliminate the possibility of establishing and expanding high-quality programs, and to hide the true cost of child care from those who could afford to pay the full price.

There are two significant aspects of affordability: the absolute amount, and the proportion of family income, spent on care.

Affordability

As noted in a recent national study of child care, there are two significant aspects of affordability: the absolute amount, and the proportion of family income, spent on care.[8] Amounts spent for care vary dramatically depending on a number of factors:

- the age of the child, with infant and toddler care typically being more expensive;
- the geographic area and local standard of living;
- the type of care chosen, such as center care, family child care, relative care, other license-exempt care, etc., although differentials in cost between types of care are not always consistent;
- the amount of time the child is in care;
- special services provided; and
- the quality of the program.

The regional market rate survey conducted by the California Child Care Resource and Referral Network largely categorizes rates according to these variables.

For most families, major expenditures include housing, food, utilities, taxes and insurance. Nationally, among all families paying for care for children under the age of five, child care costs average about 10% of family income.[9] Not surprisingly, however, low-income parents can often spend anywhere from 20 to 50% of their incomes on child care.[10] It is particularly important to note that even while low-income families tend to use the least expensive forms of care, and may receive subsidies, their proportionate expenditures on child care are still vastly greater than those of higher-income families.[11] With such a large bite required, it is not at all surprising that the cost of child care keeps many parents out of the labor force entirely. Additionally, although they do not reflect the true cost of child care (see below), fees have been rising fairly

Rarely are "fully subsidized" parents, or those who pay the "full fee" at a child care program themselves, actually paying for the full cost of care.

steadily, making services increasingly difficult for parents to afford.

A 1989 report prepared by the Legislative Analyst's Office for the Joint Legislative Budget Committee noted that "using 10 percent of income as a measure of affordability, the [information] shows that families earning the state median income—$33,200 in 1986-87—could afford to pay for licensed child care, unless they needed child care for infants or for children with special needs...or had more than one child needing care."[12] The report might just as well have commented that for half the families in the state—those below the median income—child care is unaffordable. Additionally, child care is unaffordable even to "average" families who need infant care (the fastest-growing need), special needs care, or care for more than one child.

True Cost of Care

Unless California builds a child care system which recognizes the true cost of care, services are doomed to be of low quality, with inexperienced and poorly trained staff, and with negligible choices for parents.

Rarely are "fully subsidized" parents, or those who pay the "full fee" at a child care program themselves, actually paying for the full cost of care. Relatively little effort has been made to examine true child care costs—a useful, if not essential, predicate to determining how much child care programs ought to be reimbursed for the services they provide. To determine the true cost of care, one would have to include the subsidy inherent in child care providers' low wages, in-kind subsidies such as free or reduced rent, repairs, equipment and materials, food, professional services, low-cost administrative services provided by larger umbrella agencies, volunteer time, fundraising, redistributive subsidies enabling parents of infants and toddlers, for example, to pay less because less expensive care is also provided to preschoolers, and so forth.[13]

If it has been difficult to determine the true cost of care in center settings, it has been even more difficult in the case of family child care homes. Further, care that is not subject to regulatory authority cannot even be surveyed when market rates are established for the reimbursement system. Unlike many other services, child care fees often do not reflect differentials in the experience or training of providers, despite prevalent knowledge that training strongly affects the quality of care.

When subsidy programs (such as those linked to AFDC) are created with rate caps, or limit the rate at which federal financial participation is available, such restraints substantially reduce the choices available to parents, perpetuate the low wages paid to providers, place high-quality programs out of reach for subsidized families, and contribute to the development of new programs of mediocre quality. As Chapter II thoroughly demonstrated, quality programs cost money. One commentator declared that "The greatest excitement in this country about early childhood education has been generated by the Perry Preschool program and its claim of a seven-to-one benefit/cost ratio. But the Perry Preschool consistently emerges as the program with the highest ratios, the highest salaries and the highest costs, an extraordinarily expensive program by any standard. While the news about its benefits has circulated widely, an understanding of its costs and quality has lagged."[14]

In part, the blame for leaving out half the message lies with the child care field, which, while eager for scholars to document cost/benefit ratios, has often feared that revealing the high cost of such beneficial child care programs might sink any and all attempts to shore up existing programs, of whatever quality. In retrospect, this was probably a mistake; policy makers then failed to understand that a substantial investment was needed to yield such substantial benefits.

Cost/Quality Tradeoffs

With insufficient resources available, conflicts will continue to arise between those who seek to serve greater numbers of children and those who would serve fewer children at an improved level of quality. Policy makers certainly know they can reap greater political benefits by announcing new child care slots than by securing improvements in program quality, which prove to be more amorphous in the public's mind. Yet as several authors mentioned when examining the financing of early childhood programs, "a basic level of quality is necessary to ensure that public dollars are not wasted. Given how critical the quality of the program is to the eventual outcomes for children and for society, and how many aspects of quality are related to per-child funding levels, *quality should always take precedence over quantity in debates about funding* [emphasis added]."[15] To "take precedence," of course, does not mean establishing extraordinarily costly programs. There is a point at which additional expenditures would yield only marginal returns. But even worse than wasting public dollars, as the above authors fear, would be the use of public dollars in ways that actually cause harm—a frightening but real possibility.

One of the most significant child care issues faced in California today is how to structure financial support in such a way that parents have real choices.

"Market Failure" in Child Care

One of the most significant child care issues faced in California today is how to structure financial support in such a way that parents have real choices. This requires not only sufficient funding levels to allow for a range of market choices but, on the supply side, support for programs to ensure that there is a child care market at all, particularly for children with specialized needs. There has been little understanding at the federal level, as evidenced by the preamble to the final regulations for the federal Child Care and Development Block Grant, that market forces alone will not provide the "socially optimal quantity and quality of services."[16]

There are problems on both the demand and the supply side which contribute to this "market failure," as it is termed by economists. On the demand side, these problems include:

- the unaffordability of quality services;
- a lack of information about how to evaluate quality;
- the invisibility, at least in the short term, of the cost to children of poor-quality care, and the benefits to children, families and society of high-quality care;
- reimbursement ceilings on subsidies, which often prevent the creation or utilization of high-quality programs;
- fixed expenditures in family budgets which preclude spending more on child care, even when this is felt to be desirable; and
- limits on subsidies available to parents, which preclude increasing the supply of services, given the costs of program start-up.

On the supply side, these problems include:

- a highly competitive market;
- the undercutting of regulated service providers by unregulated programs; and
- providers working for wages that are well below the value of their services.[17]

While recent legislative mandates, in theory, provide parents with more choices, the subsidies currently available are insufficient to support and expand the child care system. In a perfect world, these new demand-type subsidies would enhance the supply of services, but in such a world, high demand for child care would also lead to higher child care wages.

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The resources available to operate a child care program are sharply constrained by family incomes and by public child care subsidies. Family income itself is further limited by (1) the common approach of considering mothers' income (rather than total family income) in relation to the cost of child care, and (2) by the growing number of single parents, who almost always have less disposable income than two-parent households. Public subsidies, in turn, are further constrained by three factors: (1) the level of reimbursement, (2) the scope of assistance (i.e., the number of families who manage to acquire the subsidy), and (3) the tendency of reimbursement levels to go down, and of categorical eligibility and/or scope of services to become more narrowly drawn, when the subsidy is an entitlement.

It is critically important for the public and policy makers to understand that the child care market does not operate according to "pure" market theory. If we value children, we will continue to regulate how child care is provided—and this alone changes the market dramatically. We must acknowledge the importance of stable, quality child care and develop our funding schemes accordingly.

Equity

Several issues arise when focusing on equity issues in funding. (1) Are funds allocated in an equitable manner throughout the state, at the county level and down to the neighborhood level? If not, the process and standards by which allocations are made ought to be addressed. This will require an improved and objective analysis of needs, priorities and true costs. (2) Are reimbursement rates to parents and providers equitable? If not, efforts must be made to equalize rates at the higher levels. (3) Are newly-developed funds to improve quality, expand supply, raise salaries and/or provide training made available to the entire child care system?

Child Care: A Worthwhile Investment

As efforts are made to increase the resources available for child care, it will be critical to persuade policy makers and the public that these resources not only are necessary but are a wise and prudent investment. A number of studies have shown that a substantial investment in high-quality child care yields substantial economic and social benefits to society. One study describes these benefits as including:

- increased human capital through the ability of parents to continue education and training;
- increased labor force participation, with concomitant increases in tax revenues;
- reduced welfare dependency;
- reduced costs of later governmental interventions, e.g., in the juvenile justice and special education systems; and
- improved employee recruitment for business and industry, due to the availability of a stable, well-qualified and productive work force.[18]

But while business and government are beginning to recognize these benefits,[19] the current economic climate has hampered efforts to develop additional resources. California has such a great need for additional resources to support its child care system that it must not only "expand the pie" with new funds but redirect its existing resources. This will require building a consensus that investing in prevention services such as child care is much more cost-effective than corrective interventions. Enlisting support for this notion is particularly difficult in a political landscape such as ours, which creates little incentive to plan and develop policies for the long term.

Selected Innovative Funding Sources and Mechanisms

The following section discusses a variety of promising and innovative funding mechanisms being tried or explored at the state or local level in various parts of the country.[20] The division between "state" and "local" reflects the level at which the mechanism operates, not at which the funding system is authorized. Because most of these sources can be used for consumer or provider subsidy, depending on the objective, they are not categorized in that manner. In some cases, which are so noted, there may be legal limitations on the use of funds. This discussion also includes legislative and nonlegislative recommendations which would further the effectiveness of these mechanisms as appropriate.

State-Level Mechanisms

Child Care Insurance Fund

In 1984, Senator Bill Lockyer proposed the creation of a Children's Insurance Deduction Fund, which would require employer and employee payroll contributions to fund a pool for child care assistance—in effect, a source of revenue comparable to California's unemployment and disability funds.[21] It would operate on the theory that support for child care is essential for parents to be employed, and that child care "insurance" may become a necessity to every working person, just as disability and unemployment insurance potentially are. Such a mechanism would create a sizable and stable source of income—two characteristics which few other revenue mechanisms are capable of producing. While this proposal is probably less popular in bleak economic times than it was almost ten years ago, it is a good deal more rational than other financing proposals, and has the appeal of universal coverage. Much more thought will be required, however, to determine what the subsidy would look like and how it would be coordinated with other funds. Increased attention might also be given to examining the particular concerns of small businesses, and acknowledging these concerns in the law's requirements if appropriate. In addition, some advocates have felt that any new social insurance fund might be used more appropriately to support parental leave. In either case, such a fund could go far to create a large, stable funding base that could assist parents in paying for their child care costs.

State Loan and Grant Funds

Twenty-one states have developed grant funds as of June 1992, and nine states have developed loan programs.[22] To cite just one example, Maryland's Department of Economic and Employment Development has developed a Day Care Financing Program. It includes a Day Care Facilities Loan Guarantee Fund, which is designed to guarantee up to 80% of loans made by lending institutions to individuals or businesses to help finance the development or expansion of a child care program. Another program, the Child Care Facilities Direct Loan Fund, will finance up to 50% of the investment needed for renovations, construction or purchase of real property, fixtures or equipment related to a child care facility.

"Sin" Taxes

In an effort to raise revenue at the state level, many states have turned to taxing various "vices"—or pleasures, depending on one's point of view. These excise taxes have been relatively popular because they are "comparatively painless"[23] when contrasted with imposing income or general sales taxes. California

enacted a "Cigarette and Tobacco Products Surtax"[24] through the ballot initiative process in 1988; it funds health education, medical research, medical care for the uninsured, and the enhancement of public resources. This last Public Resources Account allows for expenditures to programs which enhance state and local park and recreation resources. It is unclear, but worth exploring, whether any child care programs operated by local park and recreation departments have tapped this resource. Indiana's cigarette tax, imposed in 1987, earmarked some of its proceeds specifically for the support of school-age child care programs.[25]

Public-Private Collaborations

The one financial legacy of the 1980s worth holding onto is its emphasis on public-private partnerships.

Perhaps the one financial legacy of the 1980s worth holding onto is its emphasis on public-private partnerships. This should not be confused with privatization, but rather refers to collaborations in which public and private organizations leverage each other's funds on behalf of a shared purpose, with each sector taking on responsibility for what it does best.

Some examples of these collaborations, which can occur at either the state or local level, include:

Child Care Initiative Project (CCIP)

The CCIP was developed by the BankAmerica Foundation and the California Child Care Resource and Referral Network in 1985 to increase the supply of quality licensed child care in California. The partnership includes over 130 foundations, businesses and governments which have contributed, as of September 1991, $4.4 million dollars to the effort. While a number of supply-building efforts have been undertaken, the major thrust has been the recruitment and training of family child care providers statewide, and its latest effort involves recruiting and training Spanish-speaking providers.[26]

The Child Day Care Planning Project

This project was begun in 1984 with initial funding of $400,000 from the Cuyahoga County (Ohio) Department of Human Services and the United Way. These funds were leveraged for a total of $1.8 million dollars used to fund planning activities and demonstration projects. This project was further divided into: a data project to document needs and resources; a quality enhancement project to evaluate and improve quality in centers and homes; demonstration projects, including a scholarship program, a family child care satellite program, an intergenerational program, a staff training model for infant care, school age programs, and a capital loan fund; a cost study to determine child care costs; and analyses of funding policies to examine and improve the allocation of child care dollars.[27]

Center-Based Loan Fund

In 1985, the State of Illinois established a program providing loans to child care centers to expand existing facilities. Significantly, this program was designed to enable repayment of the loan by increasing operating revenues. The state increased the centers' rate of reimbursement; the Chicago Community Trust, a private foundation, provided the loans for capital improvements or expansion; and the local resource and referral agency provided technical assistance. The maximum loan was $50,000, at an interest rate of three percent and a loan term of five to seven years. At least 50% of the expanded capacity had to be allocated to children receiving public subsidies. In 1986, 11 centers received a total of $381,000 in loans.[28] However, this was a one-time only operation.

Vanity License Plates

During its 1992 session the California Legislature enacted a new specialized automobile license plate program, called the "Have a Heart, Be a Star, Help Our Kids" Program (Chapter 1316, 1992). The funds generated by these vanity

Redevelopment funds are a major, but thus far largely unexplored, potential resource for child care services.

license plates will be spent to support various aspects of the State's child care licensing program, child abuse prevention programs, and one-time-only projects to improve child safety. These supported projects will take effect on January 1, 1995, or when revenue from the fund is sufficient to cover costs, whichever comes first. The license plate program does not become operational until 5,000 applications are received. This program was modelled after the successful, twenty-year-old environmental license plate program, which nets over $20 million per year for environmental programs.

Local-Level Mechanisms

Redevelopment Funds for Child Care Purposes: Tax Increment Financing

Of the statewide amount raised in tax-increment financing from redevelopment projects, an unknown but certainly minuscule percentage has been spent on child care, despite the clear connection between quality, affordable, conveniently located child care and such redevelopment goals as economic development and the greater self-sufficiency of low-income residents. Redevelopment funds are a major, but thus far largely unexplored, potential resource for child care services; some changes, however, may need to be made through state legislation and local resolutions.* The following are a few examples of recent redevelopment efforts on behalf of child care.

Sacramento: Tax-increment financing dollars have been spent on constructing child care facilities.

Los Angeles: The Community Redevelopment Agency of the city of Los Angeles has developed a program called L.A.'s BEST (Better Educated Students for Tomorrow), providing facility money for the Los Angeles Unified School District and freeing up unrestricted school district capital outlay money, to be used for providing free after-school child care at various locations throughout the city. Launched as a pilot program at 10 schools in 1988, L.A.'s BEST now serves some 3,800 children at 19 schools. Such an approach, however, requires not only setting aside a pool of money which can be freed up for capital facilities, but also a highly coordinated effort between the redevelopment agency and the agency with jurisdiction over this fund.

Boston: In March 1989, after Zoning Commission approval, Mayor Raymond Flynn signed into law a ten-year plan for the Boston Redevelopment Authority which defined a 28-block "Midtown Cultural District." A central requirement for nonresidential development in this zone will be the inclusion of centers for "the care of children, elders and other family members during regular business hours." According to a national study which mentions Boston's program, "Five development projects that will create nearly 480 new spaces for child care have been approved for construction. Also, the city plans to build six additional centers with the $500,000 in developer fees collected to date."[29] (It must be said, however, that building six centers for $500,000 alone seems virtually impossible.)

San Francisco: San Francisco's Redevelopment Agency requires developers of major projects to incorporate a child care facility into their projects; a major recent example is the Yerba Buena Gardens development in the city's South-of-Market district.

Hollywood: Social Needs Plan. This plan pledges Hollywood's development agency to spend ten percent of the tax increment to address the social needs of the community, chiefly by supporting capital costs; its number-one social service priority is child care.

Other cities which have used redevelopment revenue on child care include Escondido, Oakland, San Diego and San Jose.

Several legislative changes are essential in order to improve the state's rede-

velopment law and to make it more favorable to developing child care in, and serving, low-income communities. See "Recommendations," below.

Special Tax Districts to Fund Child Care Facilities and Services

Mello-Roos Districts

Mello-Roos districts are a type of community facilities tax district designed to finance services and facilities specified as "public benefits"—for example, fire, police and ambulance services, schools, or libraries. Financial support from the creation of such districts is limited to supplementing previously existing services, and may not be used to supplant funds for services previously available. Mello-Roos districts are similar to other regular assessment districts, in that the land being taxed provides the ultimate security for the bonds; but unlike regular districts, the formula to determine repayment need not be based on the proportional benefit to each parcel of land. To levy the special tax, a 2/3 popular vote is required.

A more coordinated approach would be for California to allow for the development of children's services districts.

Mello-Roos districts are mainly used to finance development in uninhabited areas, where the city negotiates with the developer to obtain the services it views as essential.

Currently, the Mello-Roos legislation authorizes local governments to establish such districts for the purpose of purchasing, constructing, expanding or renovating child care facilities. The law also allows these districts to finance related insurance costs, but would preclude the use of bond proceeds for this purpose. The law does not currently allow child care operations to be financed through Mello-Roos districts; rather, this is a local-level strategy for raising funds for infrastructure needs. According to the California Debt Advisory Commission, which keeps track of Mello-Roos financing, no projects have yet to incorporate child care. Some projects, however, have included school facilities and multiple education uses, and it is unclear whether child care has been incorporated into any of these. It appears that the main reason for the lack of utilization in financing child care facilities is not that the Mello-Roos scheme is too cumbersome, but that newly developing communities which use the mechanism most (i.e., developers) have not been focusing on child care.

Children's Services Districts

A more coordinated approach, which also has the advantage of being administered by a group concerned solely about children's issues, would be for California to allow for the development of children's services districts, such as have been implemented successfully in Florida. In the words of James Mills, director of the Pinellas County, Florida special district, such a step means "local people using local resources to solve local problems."[10]

These districts have been authorized by Florida state legislation; they also require a majority vote in a voter referendum in each particular county. Once passed by referendum, an independent special district of the local government is created to last in perpetuity, unless terminated by a later referendum. The special district is governed by a council or board empowered to assess an *ad valorem* tax of up to one-half mill per dollar ($0.50 per $1,000) of nonexempt property valuation; i.e., all real property and commercial tangible personal property.

In Pinellas County, according to a recent report by Judge Hugh S. Glickstein, the Children's Services Council "acts primarily as a 'needs assessor' and 'grant source,' determining across-the-board needs of children in terms of funding, obtaining that revenue from *ad valorem* taxes and distributing it in an accountable fashion among children's programs which the council scrutinizes and evaluates specifically and as part of their overview."[11] The Council is governed by a nine-member board with four fixed positions, consisting of the Superinten-

At a time of fiscal retrenchment and an overwhelming state and federal deficit, it is difficult even to mention the "T" word.

dent of Schools, the district administrator of the Division of Health and Rehabilitative Services (equivalent primarily to our State Department of Social Services, but also encompassing some functions of our State Department of Education and State Department of Developmental Services), one member of the County Commission (equivalent to our county Board of Supervisors), and one member of the school board. The other five at-large positions are appointed by the Governor after nomination by the County Commission.

Local Taxes and Bond Measures

At a time of fiscal retrenchment and an overwhelming state and federal deficit, it is difficult even to mention the "T" word. Nonetheless, the public has evidenced some willingness to tax itself when the purpose is quite specific, the value of the program the tax supports is broadly recognized, and the outcomes are tangible or measurable. Thus far, no California community has taxed itself to support child care services, but the time for a successful drive to do so may be approaching. In several polls, taxpayers have demonstrated a willingness to pay for child care.[32]

In 1986, Seattle voters passed a $17 million school levy for repair and work on school buildings; 70% of the voters approved the measure.[33] Part of the levy is allocated to the construction of dedicated in-school child care space in 14 elementary schools in the city. The levy lasted two years. This was followed in 1990 with voter approval of a seven-year levy of $8.5 million dollars dedicated to specific programs addressing the social and health needs of Seattle's children. Among the components of the program to be funded are:

- $850,000 to expand Seattle's program to subsidize child care for low-income families, increasing by 45% the number of children served; to provide health, nutrition and mental health services, staff training, multicultural support and technical assistance to community child care sites; and to link child care with early childhood programs; and
- $550,000 to expand and support opportunities for school-age children to participate in latchkey child care programs.[34]

Before undertaking this financing approach, of course, it is essential to evaluate the particular community, the specific purpose of the levy, the amount expected to be raised and so forth. In 1989, for example, Fremont, California was unsuccessful in passing a $12 per year property tax. A study to evaluate the measure's failure found that 47% of interviewees felt that the care of other people's children was not their responsibility.[35] The authors were convinced, therefore, that any successful campaign strategy should have as its centerpiece a well-delineated explanation of child care's "external benefits"—why supporting child care for individual families also supports the community as a whole.[36]

Budget Set-Asides

In November 1991, San Francisco voters passed Proposition J, "The Children's Amendment," which sets aside a portion of funds within the city's general revenues each year exclusively for services to children under 18 years of age. This measure was created in response to a recognition that children's services are traditionally underfunded and have never been given the priority they deserve. The first-year fund consists of $5.7 million dollars; established for a period of ten years, the fund devotes a minimum of 25% to child care services.

There have been two significant criticisms of budget set-asides, however: that they give greater priority to services included than to those excluded, even though some excluded services may be equally important; and that, in the long run, such set-asides are less and less

effective as new programs work to come within the umbrella of inclusion, thereby diluting the funds available.

At the state level, Proposition 98 also created a budget set-aside. It has had the beneficial effect of protecting child development programs subsidized by the State Department of Education.

Linkage of Child Care to Local Development

Developer Fees

The Child Care Law Center pioneered the creation of child care developer fees, which require developers to contribute to an affordable child care fund, or to develop child care facilities, in recognition of the impact their developments have on the availability and affordability of child care services in the community.[37] Child care linkage fees have been approved in San Francisco, Concord, Santa Cruz County, Contra Costa County, Martinez, Danville and San Ramon. Such fees can be advantageous in communities that are experiencing development and need modest amounts of local dollars to support child care. Given the uncertainties of development in any given community over time, however, linkage fees cannot be relied upon as a steady source of funding. There is also considerable delay between enactment of ordinances and opportunities to utilize the funding. Further, there are legal limitations in how these fees may be used: they must assist in expanding the availability of care (i.e., they cannot be used to improve the quality of care), and are not intended to address pre-existing needs.

Child care linkage fees can be advantageous in communities that are experiencing development and need modest amounts of local dollars to support child care.

Zoning Bonuses for Including Child Care in Development

A related technique, which is voluntary, allows developers to exceed normal square footage allowances for projects by incorporating child care facilities into their developments. Zoning bonuses have been established in Seattle, Hartford and Irvine. These programs have resulted in a few additional facilities, but perhaps more significantly, they have "educated developers about the need for child care, and stimulated the voluntary construction of additional child care space in the downtown area."[38]

Linkage to Housing Developments Financed by Low- and Moderate-Income Housing Funds

A number of projects around the country have successfully incorporated child care facilities into the development of low- and moderate-income housing. As in all such efforts, however, there must be a simultaneous effort to secure operational subsidies, or the child care center will be unable to flourish.

California has authorized a Family Housing Demonstration Program, which requires that certain housing projects receiving state assistance incorporate space for child care programs (see "Recommendations," below).

Use of Community Development Block Grant funds

San Francisco has developed a highly successful program which finances housing rehabilitation loans, allowing family child care providers to expand their capacity from six children to twelve. The Mayor's Office of Community Development provides expert technical assistance to the contractors, and also provides training to the providers whose homes are renovated; since 1974, the office has also provided funding for nonprofit child care centers through its Neighborhood Facilities Improvement Program.

Trust Funds and Endowments

One means of improving affordability for parents is to develop a scholarship fund. The Marin Community Foundation has launched a major initiative to create a Child Care Scholar-

ship Fund. The program is expected to help families in Marin County with gross incomes under $28,000 per year. Scholarships will range from 15% to 45% of child care costs based on family income, and parents will choose from licensed child care programs in the community. The Scholarship Fund will be endowed by a $6 million grant from the Leonard and Beryl Buck Trust. Of that amount, half will be a direct grant and half will be available to match donations to the fund; it is hoped that, in this way, the fund will grow to $9 million. The objective is to fully capitalize the fund by 1997, and then to use the interest generated by the fund to finance scholarships. The advantage of such a method is the security of a large, stable funding base. The difficulty in replication for the vast majority of communities, however, would be in acquiring the initial endowment.

Recommendations

Improving the Current System

California

Market Rates and Program Reimbursement

- Adjust market rates to reflect the true cost of care.
- Develop regional true-cost-of-care figures, explore the true cost of developing facilities, and explore the feasibility and desirability of paying a higher rate for quality care.
- Improve reimbursement ceilings.
- Explore how to develop meaningful market rates for license-exempt and in-home care.
- Initiate a long-term evaluation of the practice of setting payments on a percentage of the market rate of child care; i.e., how this practice affects the larger child care system.
- Conduct comparisons of contract rates, market rates, capped reimbursement rates and reimbursement ceilings.
- Ensure adequate funds to state-subsidized programs for expansion, cost-of-living allowances and staff pay increases.
- Improve procedures and standards for funding allocation at the state, county and neighborhood levels; redetermine allocation formulas to deal with historic disparities.
- Standardize child care cost and financing data, which varies greatly from county to county.
- Limit the expansion of State Preschool given the greater needs for full-time and infant care programs.
- Restore funding for DSS Community Care Licensing staff and CDE Child Development Division staff, to improve the ability of these administrations to fulfill their mandates and provide technical assistance to the child care field.

Efficient Use of Funds

- Maximize the use of existing dollars by tracking all types of care which could be paid for from other sources, thus freeing up currently allocated child care dollars; this would include capturing special needs funding, family maintenance funding and the like, as appropriate.
- Study eligibility criteria and fee schedules against principles of cost-effectiveness and equity, to determine whether changes should be made.
- Track funds in a more sophisticated manner so that we know what is being spent by whom for what purpose (including, to the extent feasible, federal, state, local and private sources).
- Reduce the number of categorical programs, while retaining adequate safeguards to ensure quality and accountability; explore the possibility of core funding with supplements as necessary.
- Redirect a substantial amount of California funds now spent on

prisons to child care and development programs which reduce the likelihood of unproductive or criminal behavior later in life.

Parents' Child Care Costs

- Make the California child care tax credit refundable, and more reflective of the true cost of care; consider additional credit for infants and for disabled children needing child care.
- Explore the "comparability" issue, which requires that full-fee families utilizing contracted programs pay the full state-subsidized cost, including the administrative costs inherent in these programs.
- In the absence of reform at the federal level, "buy out" the income disregard mechanism and pay for eligible parents' child care needs as in other Title IV-A programs; or alternatively, increase the amount disregarded in order to reflect the true cost of care, and explore the feasibility of a prospective payment system.
- Provide adequate child care funding for parents in the "job-search" category.

Federal Child Care Programs

- Amend Child Care and Development Block Grant (CCDBG) regulations so that a greater proportion of funds can be spent on quality improvements.
- Make the CCDBG an entitlement program.
- Make the federal child care tax credit refundable, and more reflective of the true cost of care; consider additional credit for infants and for disabled children needing child care.
- Increase market rate caps in Family Support Act child care funding.
- Reduce the state match in the Title IV-A At-Risk program, or make the state match available on an aggregate state basis rather than a program by program basis.
- Explore the elimination of the income disregard and substitute paying for eligible parents' child care needs as in other Title IV-A programs; alternatively increase the amount disregarded in order to reflect the true cost of care and explore the feasibility of a prospective payment system.
- Amend the federal statute, P.L. 99-457, to explicitly focus on child care as an appropriate early intervention site, allowing funding to flow to child care programs.
- Amend the federal JTPA statute to include an explicit child care set-aside.
- Make the Head Start program an entitlement, and require it to offer full-day service, thus freeing up California State Preschool dollars to be redirected to full-day state-subsidized services.
- Increase federal support for child care resource and referral agencies, either by making CCDBG and IV-A At-Risk grants conditional on the state providing additional support for R&R services, or requiring a specific set-aside for R&Rs in both statutes, in order to make parental choice a meaningful principle.
- Redirect a substantial amount of federal funds now spent on defense towards human services, including child care.

Support for Innovative Financing Mechanisms

- Make information about innovative financing mechanisms more widely available; the federal government and the newly recommended California Child Care Coordinating Council (Chapter IV) should publicize innovative financing sources which have been developed and the successful ways in which funds have been used.

- Create incentives for local communities to develop new child care resources, possibly with state matching funds.

Private Sector Involvement

- Explore how private monies can best be integrated into existing funding streams.
- Explore the possibility of a state requirement for businesses to offer DCAPS, with technical assistance by the state to help small businesses fulfill such a requirement.
- Develop an enhanced and sustained corporate child care program to educate employers about the importance of child care in the economy in general, of employer involvement in child care, and the variety of ways they can assist their employees with their child care needs.
- Replicate and expand such provider recruitment and training efforts as the California Child Care Initiative Project.

Child Care and Local Development

- Direct the State Office of Planning and Research to develop model linkage ordinances, create guidelines, and provide technical assistance to localities on enacting such ordinances and undertaking the necessary "nexus" studies.
- Develop new programs which support the inclusion of child care in housing and shelter projects, as well as in governmental projects (this can happen at the state level as well).
- Explore the feasibility and legality of creating children's services districts in California (while this would occur at the local level, state legislation will undoubtedly be required).
- Evaluate decision making by developers in determining whether to incorporate child care facilities in their projects; determine what types of incentives might be worthwhile.

Redevelopment Funds for Child Care

- Require that child care needs be considered in the Redevelopment Agency's Redevelopment Plan. It should be made more explicit in state law that child care is an appropriate economic development strategy. In order for such a plan to be valuable, there must also be a requirement for some form of interface at the local level between redevelopment agencies and others involved in child care, both municipal and private. In this way, any efforts initiated around child care will be coordinated at the local level. In particular, local representatives of redevelopment agencies should meet with local child care coordinating groups (Local Planning Councils where they exist), resource and referral agency staff, and providers and parents from the area, in order to learn what is already being done in the community before pursuing an independent course.
- Revise the enabling law so that operational subsidies can be provided with tax increment funds, perhaps an earmarked percentage of such funds.
- Establish a mechanism to target some of the tax increment financing monies specifically for community facilities, including child care, that benefit low- and moderate-income families (currently, there is a 20% set-aside for low- and moderate-income housing).

California Family Housing Demonstration Program and Similar Programs

- Simplify the financing process.
- Expand funds targeted for the child care portion of the project.

- Develop site plan guidelines for housing which incorporates child care.

State Loan and Grant Funds

- Establish loan and grant funds to assist providers with their capital, equipment, and training needs.
- Make program improvement loans available to child care providers.
- Place conditions on loans and grants to promote the provision of services to low-income families.

Other Areas of Family Support

When focusing on families, we must come to realize that child care does not stand alone. Any set of recommendations must include proposals for increased family support, so that a lesser percentage of income is needed to pay for child care and so that parents become better able to contribute to the cost of quality care. The following are among the most critical steps for improving family economic security:

- Increase personal exemptions.
- Increase paid parental leave.
- Increase the minimum wage.
- Improve health insurance coverage so that parents are not forced to choose between health insurance and child care.
- Improve the enforcement of child support orders.

Conclusion

Child care plays a central role in improving the lives of California's families: it supports the growth and development of children and the economic self-sufficiency and self-esteem of their parents. As this report has shown, many of the improvements our child care system needs will require additional resources. Given the state's current financial plight, and many other pressing needs, we must approach this vast problem incrementally. Nonetheless, much can be done without delay to educate others about the resource needs of child care, to improve existing systems in order to maximize existing resources, to develop innovative funding mechanisms and sources, and to redirect existing resources away from destructive or wasteful uses and towards meeting the human needs, particularly the child care needs, of all Californians.

End Notes

[1] *The Child Care Handbook* (Washington, DC: 1982), 30.

[2] Nancy L. Marshall *et al.*, *Caring for our Common Wealth: The Economics of Child Care in Massachusetts* (Boston: 1988), viii.

[3] Frank Farrow and Tom Joe, "Financing School-linked, Integrated Services," *The Future of Children* 2, no.1 (Spring 1992), 56-57.

[4] *Who Cares for America's Children?*, edited by Cheryl D. Hayes *et al.* (Washington, DC: 1990), 194-95.

[5] *Miller v. Carlson*, 768 F. Supp. 1331 (N.D. Cal. 1991).

[6] Karen Hill-Scott, "No Room at the Inn: The Crisis in Child Care Supply," in *Caring for Children: Challenge to America*, edited by Jeffrey S. Lande *et al.* (Hillsdale, NJ: 1989), 207.

[7] See *Beyond Rhetoric: A New American Agenda for Children and Families*, chapter 5 (Washington, DC: 1991) for more information about income security.

[8] *Who Cares for America's Children?*, 235.

[9] *Ibid.*, 237.

[10] *Ibid.*

[11] *Ibid.*

[12] *The 1989-90 Budget: Perspectives and Issues*, Report of the Legislative Analyst's Office (Sacramento: February 1989), 230.

[13] See Suzanne Helburn *et al.*, *The Costs of Child Care and Education* (Denver: January 8, 1991); Mary Culkin *et al.*, "Current Price Versus Full Cost: An Economic Perspective," in *Reaching the Full Cost of Quality in Early Childhood Programs*, edited by Barbara Willer; and "Cost of Care" handout distributed by the Marin Educational Foundation, 1991.

[14] W. Norton Grubb, *Young Children Face the States: Issues and Options for Early Childhood Programs*, unpublished paper (Rutgers University: January 1987), 41-42.

[15] Anne Mitchell *et al.*, "Financing Early Childhood Programs," chapter 4 in *Early Childhood Programs and the Public Schools* (Dover, MA: 1989), 91.

[16] Culkin, "Current Price Versus Full Cost," 13.

[17] Most of this list is adapted from Culkin, "Current Price Versus Full Cost," 14.

[18] Marshall, *Caring for Our Common Wealth*, 27.

[19] *The Unfinished Agenda: A New Vision for Child Development and Education* (New York: 1991).

[20] Some of these mechanisms have been explored previously in Bradby and Cohen, *Financing Child Care: Selected Local, State and Federal Sources*, produced in 1988 for the First Annual Conference of California's Child Care Coordinators by the Child Care Law Center.

[21] SB 2097, Introduced by Senator Bill Lockyer, February 16, 1984.

[22] *Investing in the Future: Child Care Financing Options for the Public and Private Sectors* (New York and Washington: September 1992), 18 and 20.

[23] Penelope Lemov, "States are Running Out of Sins to Tax," *Governing* (December 1990), 21.

[24] Revenue and Taxation Code §30121 *et seq.*

[25] "Indy Legislators Smoke Out New SACC Funds," *SACC Newsletter* 4, no. 3 (July 1987), 1.

[26] *The Child Care Initiative Project Update*, from the California Child Care Resource and Referral Network (San Francisco: September 1991).

[27] *Solving the Puzzle of Child Care*, Report of the Cuyahoga County Child Day Care Planning Project (Cleveland: July 1988), 3.

[28] *Capital Needed: Financing New Space for Day Care Centers* (New York: February 1989), 48-49.

[29] *Investing in the Future*, 31.

[30] *Special Taxing Districts for Children: A Powerful Idea from Florida* (Boston: Undated), 15.

[31] Judge Hugh Glickstein, "Florida's Counties Provide a Model for Local Funding to Meet the Special Needs of Children," *Youth Policy* (November/December 1990), 4.

[32] See, for example, Gallup, *California Child Care: Final Report* (Princeton: The Gallup Organization, 1985).

[33] "Seattle Voters Pass Levy for Child Care in School," *SACC Newsletter* 4, no. 1 (November 1986), 1.

[34] Informational packet on the Families and Education Levy approved in November 1990 by the voters of Seattle, Washington, sent to the author.

[35] Kenneth E. Yeager *et al.*, "Financing Child Care Through Local Taxes: One City's Bold Attempt" (Stanford, CA: January 1990), 16.

[36] *Ibid.*, 26.

[37] *Compendium for Child Care Advocates Seeking the Inclusion of Child Care in the Land Use/Development Process*, Chapter V, edited by Abby J. Cohen (San Francisco: 1987)

[38] *Investing in the Future*, 32.

Appendices

Appendix A:
California's State Subsidized Child Care Programs

California Subsidized Programs	State Department of Education Subsidized Child Care—General	State Preschool
State Agency	CDE	CDE
Annual Funding Level	$408.4 million	$86 million
Categorical Eligibility	Family: —CPS clients —Income eligible (employed or seeking employment; training; education; seeking permanent housing; or incapacitated)	Children: —Income eligible —3 to 5 years old (program may prioritize for limited English speaking, exceptional needs, diminished opportunity for normal development)
Income Eligibility	Adjusted monthly income at or below 84% of state median income at enrollment	Priority for lowest adjusted monthly income at enrollment, 10% of enrolled families can exceed CDE "income ceiling" by 15%
Subsidy Amount Per Child	Market or reimbursement rate, depending on type of service; sliding fee scale	Standard reimbursement rate
Source of Law	Ed. Code §8200 (et seq.); Cal. Code Regs. Title 5, §18-000 (et seq.)	Ed. Code §§8235, 8236; Cal. Code Regs. §18-130 (et seq.)

Appendix B:
Federal Non–AFDC "Linked" Subsidy Programs

Federal non-AFDC "Linked" programs	Child Care & Development Block Grant	Head Start	IV-A At-Risk
Federal Funding Agency	ACF, Department of Health & Human Services	ACF, Department of Health & Human Services	ACF, Department of Health & Human Services
State Agency	CDE	N/A—Direct Federal Grantees	CDE
Annual Funding Level	$75.4 million	$199 million (requires 20% local match)	$74 million (½ new federal funds, ½ existing state funds)
Categorical Eligibility	Family: Income eligible (CPS clients; employed or seeking employment; education; or training)	Children: Income eligible (except 10% of children with disabilities). Primarily 4-year-olds with some 2-, 3-, and 5-year-olds.	Low-income working families at risk of AFDC dependency. Priority for former TCC families, former AFDC families ineligible for TCC, parents under 20 years old.
Income Eligibility	Adjusted monthly income at or below 75% of state median income	90% must have income below federal poverty guidelines, no income eligibility for 10% children with disabilities	Adjusted monthly income at or below 84% of state median income at enrollment
Subsidy Amount Per Child	Market or reimbursement rate, depending on type of service; sliding fee scale	$2,767 per year (national average)	Lesser of the actual cost of care or applicable market rate; sliding fee scale
Source of Law	Ed. Code §8206 (et seq.); 42 U.S.C. §9858 (et seq.)	42 U.S.C. 9830; 45 CFR 1300 (et seq.)	Education Code §8350 (et seq.); 42 U.S.C. §602 (i)(1); 45 CFR 257

Appendix C:
AFDC–Linked Federal Subsidy Program

AFDC LINKED CHILD-CARE	IV-A GAIN/JOBS	IV-A "AB 2184"	IV-A "Miller"	IV-A Child Care Disregard	IV-A Transitional Chld Care
Federal Funding Agency	ACF, Department of Health and Human Services	ACF, Department of Health and Human Services	ACF, Department of Health and Human Services	ACF, Department of Health and Human Services	ACF, Department of Health and Human Services
State Agency*	DSS	CDE	DSS	DSS	DSS
Annual Funding Level	$26.75 million (½ federal funds, ½ state funds) **	Federal share—open-ended entitlement	Federal share—open-ended entitlement	Federal share—open-ended entitlement	Federal share—open-ended entitlement
Categorical Eligibility	AFDC recipients who need child care to participate in GAIN activities	AFDC recipients enrolled in CDE state-funded programs who are working or in approved education/training programs	AFDC recipients in approved education and training programs	Working AFDC recipients	Former AFDC recipients (parent must have become ineligible due to employment)
Income Eligibility	AFDC-linked	AFDC-linked	AFDC-linked	AFDC-linked	Income & family size determines mandatory share of cost
Subsidy Amount Per Child	Local market rate (approximately 93rd percentile)	Market rate or reimbursement rate, depending on type of service; sliding fee scale	Market rate up to 75th percentile	$175 per month over 2 years old, $200 per month under 2 years old, per child	Market rate up to 75th percentile; sliding fee scale
Source of Law	W&I Code §11323.21, EAS MPP 42-750; 42 U.S.C. §602, 45 CFR 255	W&I Code §11008.19	*Miller v. Carlson* 768 F. Supp. 1330 (N.D.Cal 1991); JOBS-ACF / AT-91-15	W&I Code §11008; EAS MPP 44-111.47, 44-113.217	W&I Code §11500 et seq.; EAS MPP 47-1000 (et seq.)

** All these funds go directly fromn ACF to DSS, as California's IV-A agency. In the instances where CDE will be administering the funds, it will be doing so under an interagency agreement.*

*** Counties contribute 15% of the nonfederal share.*

Appendix D:
Data Collection

Virtually every major study of child care has pointed out the difficulty of examining child care issues and making policy due to the lack of standardized, longitudinal data on child care and related family issues. A good example of how the lack of information can be detrimental is found in a recent report by Children Now, *What's Happening to Our Children?* While their report card rates California along a series of critical benchmarks, the one indicating the availability of child care has never been a useful one. This is because they list the trend in California as incomplete, comparisons to the national average as not available and rank among states as unavailable. No one can doubt that this makes the document a lesser advocacy tool on child care issues. As the Children's Defense Fund noted in their recent publication, *An Advocate's Guide to Using Data*, "Changing policies and conditions requires changing the attitudes, assumptions and actions of policymakers and the public. Without facts, it is very difficult to mount a convincing campaign for change."

Creating an improved child care system in California depends in large measure on the gathering of useful data, the standardization of data, and the availability of this data to advocates and policy makers. In addition to the creation of a central clearinghouse for child care data (see Chapter IV for more detail, and the particular study recommendations highlighted elsewhere in this report), we recommend that the following data collection efforts be undertaken:

1. Develop survey and data collection instruments which are standardized across programs as much as possible (including the definitions of program types, child age groups and other terms), so that studies can be compared. This data collection should build on existing federal reporting requirements and the standardization efforts undertaken by the child care resource and referral agencies. Presently, it is very difficult to compare programs with different funding streams because of differing definitions and reporting requirements, and it is virtually impossible to study trends because of changes in reporting over time.

2. Study the actual users of our current subsidized child care system: for example, how many receive AFDC, how many have been referred from Child Protective Services, etc. Compare this information to statewide demographic data on income, ethnicity, special needs and protective services. This comparison is critical in order to understand to what extent the child care system actually serves those for whom it is intended.

3. Undertake a statistically valid sampling of working poor families and follow these families in a longitudinal study. Determine their need for child care, how their current needs are met, and how they fare over time: e.g., whether they ever obtain subsidized child care, and whether they are "recycled" back into the welfare system if and when they lose it. Present data offers only isolated "snapshots" of families, rather than a longer-term view of their experience with the child care system.

4. Undertake longitudinal studies of a statistically valid sampling of families using subsidized child care services, following them for several years once they leave care. At present, we have little idea of how low-income families fare

once they leave subsidized child care: e.g., whether families truly left child care because it was no longer needed, or whether they emerge from or remain in poverty.

5. Survey families coming through the Regional Center system to determine who needs child care and who is not being served. Without this data, we are unable to adequately plan programs for special needs children, and many families needing child care may be escaping attention.

6. Collect standardized child care data from counties to enable the state to compare information both statewide and over time. This standardization should build on the efforts already begun by the local Child Care and Development Block Grant planning councils. Such data would enable California to allocate funds in a way which distinguishes areas with different needs; e.g., rural vs. urban.

7. Study the true cost of delivering child care services, including the varying relationship throughout California between child care costs and families' income and the in-kind subsidies by child care providers.

8. Undertake a new study of the child care needs of migrant families. The last study was conducted by CDE in 1980, and policy cannot be kept up-to-date without new data on their current circumstances.

9. Collect child care data on homeless families, studying families' needs and the number of families currently using services.

10. Document the amount of local funds spent on child care in California. At present, many communities have begun to provide child care assistance in one form or another, but there is no centralized information on the amounts of money concerned, or on how such money is raised or spent.

11. Improve the tracking of state and federal expenditures on child care.

12. Collect data on the utilization of exempt care by those receiving public subsidies as a means of developing appropriate policies for the future.

13. Undertake a study of rural child care needs.

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A Crisis in the Child Care Work Force

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Chapter Five

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Focus Group Participants

The Child Care Law Center expresses a sincere thanks to all focus group participants. Please note that affiliations as listed may have changed since the date of the focus group.

Group #1—February 5, 1990

Accessibility/Unmet Needs

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Group #2—April 2, 1990

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Group #3—September 14, 1990

Quality in Child Care

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Group #4—November 2, 1990

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Group #5—January 25, 1991

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The Child Care Law Center

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